CAFR 2002
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OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Avenue, Fourth Floor • Bismarck, North Dakota 58505-0400

December 19, 2002

To the Governor, Legislators and Citizens of the State of North Dakota:

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of North Dakota for the fiscal year ended June 30, 2002. This report has been prepared by the Office of Management and Budget. The financial statements contained in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the CAFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's financial affairs have been included.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section contains this transmittal letter, Certificate of Achievement for Excellence in Financial Reporting, the State organization chart and a list of principal officials. The financial section includes: the independent auditor's report on the basic financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis of the basic financial statements; the basic financial statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with notes to the basic financial statements; required supplementary information, other than MD&A, which presents budgetary comparison schedules; and the supplemental financial data which includes the combining financial statements. The statistical section includes a history of selected financial and demographic information.

The State's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by management.

In compliance with State statute, the Office of the State Auditor (SAO) audited the State's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2002 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller

General of the United States. The SAO concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The State of North Dakota is also required to undergo a single audit in conformity with the provision of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued biennial single audit report.

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

The State of North Dakota provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation, community and economic development, and natural resource development. The State's reporting entity reflected in the CAFR includes all the funds of the state as legally defined, as well as all of its component units in conformity with the requirements of GASB Statement No. 14. Statement No. 14 provides that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Consequently, the transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statement should be read to obtain a complete overview of their financial position. The State's reporting entity is described more fully in Note 1A to the basic financial statements.

The State operates through a biennial appropriation, which represents agency appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The budget is legally required to be adopted through passage of appropriation bills by the Legislative Assembly and signed by the Governor. The governor has line item veto powers over all appropriations subject to legislative override. Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action.

The State does not budget by fund nor does it formally budget revenues. The legal level of budgetary control is at the agency, appropriation authority and expenditure line item level. The state's budgetary policies and procedures are further explained in Note 1E on the notes to the basic financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

North Dakota's economy has slowed along with the national economy. Although total employment has remained relatively constant in 2002 and is expected to remain constant throughout 2003, North Dakota should see a slight improvement in employment growth in 2004.

Recently, North Dakota's agriculture industry has experienced rough times as a result of drought and wildfires in the southern part of the state. Ranchers were especially hard hit and cattle prices have declined, so many ranchers have moved cattle to market rather than pay to feed them. In addition, North Dakota's wheat production in 2002 declined by 25% from the previous year and was at the lowest production level since 1988.

Agriculture's role in North Dakota's economy is five times larger than nationwide, with direct farm production (on a value-added basis) accounting for approximately 7.6% of total economic output verses 1.5% nationwide. When adding in farm-related industries such as food processing and the transportation and distribution of food products, this figure rises to nearly 13% of the economy versus 5% nationwide.

The overall unemployment rate in the state as of September 2002 was 2.6% compared to 5.6% nationally. Throughout 2002, the state's unemployment rate has been consistently above 2001 levels for the same month, which is not surprising given that employment is relatively flat from one year ago.

Taxable sales and purchases reported by the state's merchants grew by a modest 1.7% in the second quarter of 2002 compared to the second quarter of 2001.

North Dakota's per capita income ranks 37th in the nation. While this amounts to about $4,000 less to spend per capita than the average American, this inhibits consumer spending less than might be expected because of the state's low cost of living.

The decrease in employment growth in the service industry and the retail industry is indicative of a downturn in consumer confidence. However, the large volume of federal spending that the state will receive from the farm bill and defense appropriations should keep the service and retail industries from slowing much further.

North Dakota currently has 14 oil rigs drilling in North Dakota. The current price of oil is in the range of $21 per barrel. Oil production is expected to remain flat at around 84,000 barrels per day throughout the 2003-05 biennium.

MAJOR INITIATIVES AND FUTURE PROJECTS

Excellence in Education: The 57th Legislative Assembly approved a plan to close the gap on teacher salaries, increasing teacher compensation by $3000. The funding used for teacher compensation includes salaries, benefits, or other taxable income. The governor's recommendation in the executive budget is to increase teacher salaries an additional $1500 over the next biennium. The recommendation also restructured the North Dakota University System, giving spending flexibility and more control over University Systems' resources to sustain excellence in education, stimulate economic growth, and expand workforce development on each campus. Recommendations in the executive budget also include pooling student grant programs and creating centers of excellence where campuses can gain national recognition.

Economic Development: The 57th Legislative Assembly approved the creation of a Department of Commerce to leverage our resources for one-stop assistance in financing, marketing and workforce development. Also approved were expanded low-interest loan programs and targeted scholarship and loan forgiveness programs. Recommended in the executive budget is funding of a $10 million New Venture Fund in partnership with the private sector, the Small Business Administration, and the Department of Commerce to provide significant resources for our businesses and entrepreneurs.

Technology: Education opportunities have been expanded through the state's interactive data and video system STAGEnet. Currently every public high school district in North Dakota and 25 K-8 districts have been provided high-speed broadband connections. Over 90 video network sites are operating statewide. Additional funding provided by the 57th Legislative Assembly includes startup funding for an enterprise resource planning system for colleges and universities, K-12 schools, and state government. This system will allow the streamlining of resources and effective and efficient management of data. Recommended in the executive budget is authority to bond for ConnectND in order to complete implementation of the project. Other projects included in the current biennium funding are a centralized geographic information system established to host the infrastructure for the state, a system for sharing criminal justice information across political boundaries, a centralized electronic document management system which allows electronic imaging of data, and the health alert network providing communication of health emergency information.

Lewis and Clark: Recognizing the significance of the upcoming Lewis and Clark Bicentennial event, the state continues focusing efforts and resources in this area. Historic sites related to the expedition and state

parks located on the Lewis and Clark Trail are being improved. The North Dakota Council on the Arts is integrating music, drama, art, and American Indian performances to enhance activity planning. Exhibit development and educational programming are underway to enhance public awareness.

Capital Projects: The executive budget recommendation, to be presented to the Legislative Assembly in 2003, provides for the cost-effective management of the state's inmate population by avoiding the need to contract for additional prison beds with out-of-state private correctional facilities for the first time since 1997. To house the offender population in-state, the executive recommendation provides for the opening of a new women's prison in the LaHaug Building on the State Hospital grounds. The Health Department will be renovating the East Laboratory and constructing a morgue for the State Forensic Examiner. Construction of the morgue will provide timely and complete medical examiner services to assist with death investigations throughout the state. The recommendation also provides approval to the Department of Parks and Recreation for various projects throughout the parks in North Dakota.

FINANCIAL INFORMATION

The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, MD&A focuses on the State's major funds: the General Fund, Federal Fund, Common Schools Trust Fund, Bank of North Dakota, Housing Finance, Workers Compensation, and the University System.

Cash Management: North Dakota Century Code section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. Cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota. All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds. For the fiscal year ended June 30, 2002, pooled deposits in the Bank of North Dakota yielded an average of 1.28 percent on a cash pool that ranged from $154 to $370 million. Cash is primarily invested in demand deposits and certificates of deposit in the Bank of North Dakota. Cash deposits not held in the State Treasury and controlled by various other state officials are generally held in interest bearing accounts.

Risk Management: The 1995 Legislature established the Risk Management Fund to pay damages for claims for which the state is liable. The statutory liability of the state is limited to a total of $250,000 per person and $1,000,000 per occurrence. The state purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. The 2001 Legislature established a single Workers Compensation account for state entities to be administered by the department that also administers the Risk Management Fund.

The state has several other funds that accumulate assets to cover risks that the state may incur. The State Fire and Tornado Fund insures against loss to public buildings, fixtures and permanent contents. The State Bonding Fund covers bonding of public employees and public officials. Workers Compensation is a state insurance fund and a "no-fault" insurance system that covers the state's employers and employees. See Note 14 to the financial statements for additional disclosures on the State's risk management activities.

Pension Trust Plans: The state administers four major retirement systems: North Dakota Public Employees' Retirement System (PERS), North Dakota Highway Patrolmen's Retirement System (NDHPRS), the Teachers' Fund for Retirement (TFFR), and the Retirement Plan for Employees of Job Service North Dakota (JSND). Certain employees may elect to participate in a deferred contribution pension plan.

PERS is the largest of the defined benefit plan for which the State is responsible for providing funding. This plan covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. Total assets of PERS at June 30, 2002, were $1.1 billion. The State also provides postemployment health-care benefits to members receiving retirement benefits from the PERS, NDHPRS, Retirement Plan for Employees of JSND, and certain retired judges. Additional disclosures relating to the State's pension funds are provided in Note 6 to the financial statements.

OTHER INFORMATION

Certificate of Achievement**:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the 11th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2001-2003 budget. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

Acknowledgments**:** This report was prepared by staff members of the Fiscal Management Division of the Office of Management and Budget. Their dedication and efforts are greatly appreciated. We also extend our gratitude to the numerous individuals from virtually all the state agencies and institutions, especially the Office of the State Auditor, for their commitment to assist us in preparing this report.

Sincerely,

Rod Backman, Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of North Dakota

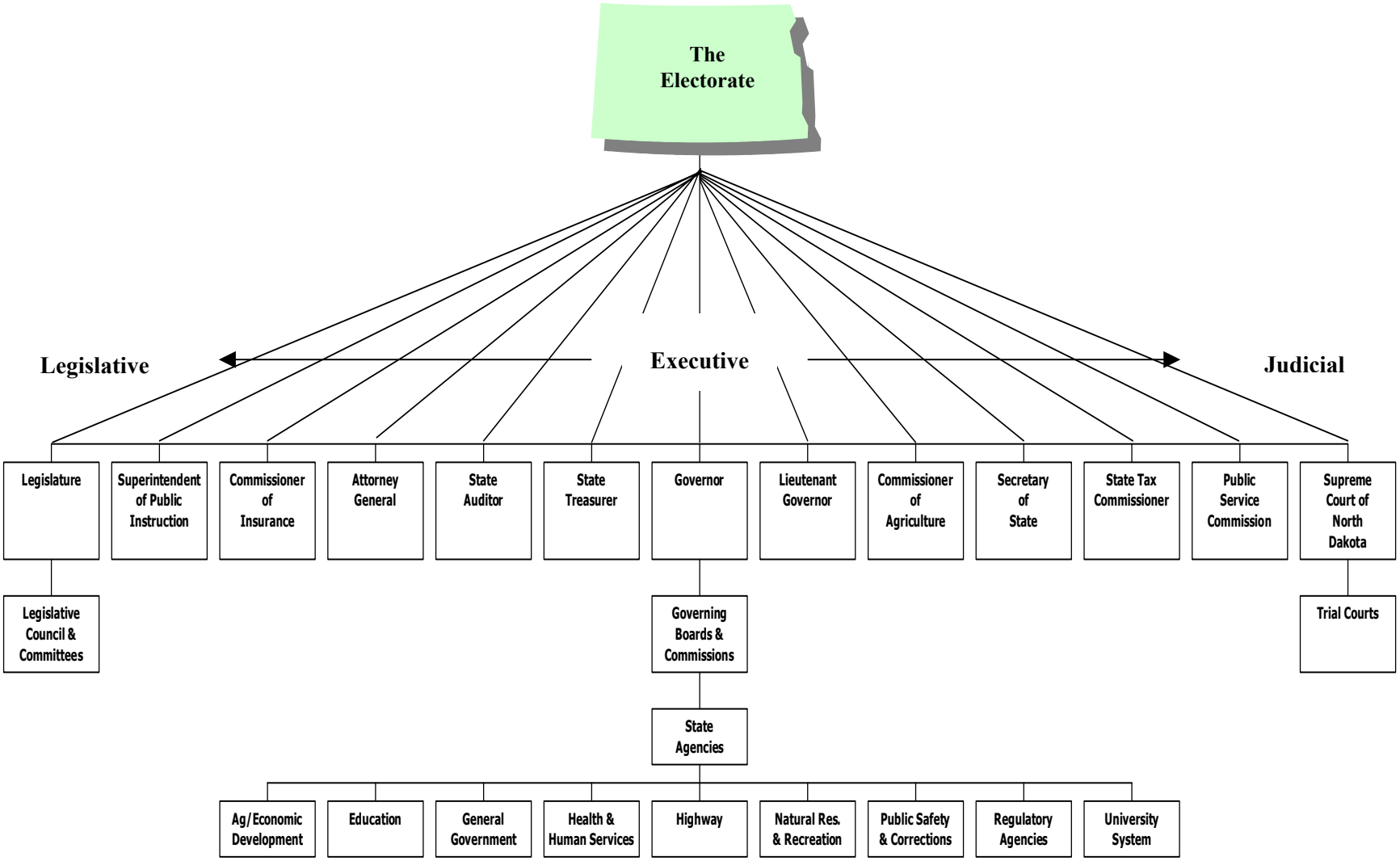
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2002

ELECTED OFFICIALS

John Hoeven, Governor
Jack Dalrymple, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Tony Clark, Public Service Commissioner
Leo Reinbold, Public Service Commissioner
Susan Wefald, Public Service Commissioner
Roger Johnson, Commissioner of Agriculture
Robert R. Peterson, State Auditor
Jim Poolman, Commissioner of Insurance
Dr. Wayne Sanstead, Superintendent of Public Instruction
Rick Clayburgh, Tax Commissioner
Kathi Gilmore, State Treasurer

LEGISLATIVE

LeRoy Bernstein, Speaker of the House
Wesley Belter, House Majority Leader
Merle Boucher, House Minority Leader
Lt. Gov. Jack Dalrymple, President of the Senate
Bob Stenehjem, Senate Majority Leader
Aaron Krauter, Senate Minority Leader

JUDICIAL

Gerald VandeWalle, Chief Justice, North Dakota Supreme Court
Carol Ronning Kapsner, Justice
Mary Muehlen Maring, Justice
William A. Neumann, Justice
Dale V. Sandstrom, Justice

STATE AUDITOR
ROBERT R. PETERSON

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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVE. - DEPT. 117
BISMARCK, ND 58505

INDEPENDENT AUDITOR'S REPORT

The Honorable John Hoeven, Governor
of the State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of North Dakota's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following state entities and discretely presented component units:

- Bank of North Dakota
- Beginning Farmers Revolving Loan Fund
- Board of University and School Lands
- Building Authority
- College SAVE Plan
- Community Water Facility Loan Fund
- Developmentally Disabled Facility Loan Program
- Guaranteed Student Loan Program
- Housing Finance Agency
- Job Service North Dakota
- PACE and AG PACE Funds
- Public Employees Retirement System
- Retirement and Investment Office
- State Fair Association
- Student Loan Trust
- Workers Compensation Bureau

Discretely Presented Component Units:

- Comprehensive Health Association
- Municipal Bond Bank
- ND Development Fund
- NDSU Research and Technology Park
- UND Aerospace Foundation

The financial statements of the above entities reflect total assets and revenues of the government-wide financial statements and fund financial statements as follows:

	Percent of Assets	Percent of Revenues
Government-Wide Financial Statements		
Governmental Activities	26.1%	3.2%
Business-Type Activities	81.6%	43.8%
Component Units	98.9%	92.1%
Fund Financial Statements		
Major Governmental Funds		
Federal Fund	1.7%	3.0%
School Permanent Trust Fund	100%	100%
Major Enterprise Funds		
Bank of North Dakota	100%	100%
Housing Finance Agency	100%	100%
Workers Compensation Bureau	100%	100%
Aggregate Remaining Fund Statements	82.9%	32.2%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 T. to the basic financial statements, the State of North Dakota adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and local Governments*, GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2001.

Also as described in Note 1 T. to the basic financial statements, the State changed its availability period for governmental fund revenue recognition from 30 days to one year following the end of the fiscal year.

As described in Note 16 to the basic financial statements, the Bank of North Dakota elected to present an unclassified balance sheet because current assets are not matched with current liabilities. Presentation of a classified balance sheet would give the false impression that there is a liquidity problem at the bank. Presentation of a classified balance sheet for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 19, 2002 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Schedule on pages 19 through 28 and 96 through 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and in, our opinion, based on our audit and the report of other audits, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The data included in the introductory and statistical sections of this report has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion thereon.

Robert R. Peterson
State Auditor

Edwin J. Nagel, Jr., CPA
Director

December 19, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Comprehensive Annual Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section. Because fiscal year 2002 represents the first year in which the State implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis provides few comparisons with the previous year. Future reports are required to include extensive comparisons.

FINANCIAL HIGHLIGHTS

Government-wide:
The assets of the State exceeded its liabilities at fiscal year end by $3.68 billion (reported as net assets), an increase of $30 million from the previous year. The net assets of governmental activities decreased approximately 1%, while the net assets of the business-type activities showed an increase of 3.5%.

Fund Level:
As of the close of fiscal year 2002, the State's governmental funds reported combined ending fund balances of $1.2 billion a decrease of $36 million. Of this amount, $507.6 million represents unreserved fund balance with the remaining amount of $676.5 million reserved for specific purposes, such as debt service, capital projects, and permanent trust for education. At the end of the fiscal year, unreserved fund balance for the General Fund was $114.7 million.

The proprietary funds reported net assets at year-end of $1.5 billion, an increase of $54 million during the year.

Long-term Debt:
The State's total debt (bonds and notes payable) fell during the fiscal year to $1.5 billion, a decrease of $4 million, 0.3%, which represents the net difference between new issuances, and payments and refundings of outstanding debt. During the year the State issued $100.9 million in bonds and $153.9 million in notes.

More detailed information regarding these activities and funds is included in Note I.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets are an indicator of whether the State's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

Governmental Activities – The activities in this section are primarily supported by taxes and intergovernmental revenue. Most of the State's basic services, such as education, health and human services and transportation, are reported under this category.

Business-type Activities – These functions are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Bank of North Dakota, Workers Compensation, and the University System are examples of the State's business-type activities.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. These entities operate similar to private-sector business and the business-type activities described above. The State has 6 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The basic fund financial statements begin immediately after the government-wide statements and provide more detail about the major individual funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental funds -- Most of the State's basic services are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of spendable resources. They also focus on the balances left at year-end that are available for future spending. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds. The State has several governmental funds, of which three (3) are considered major individual funds. Those three are the General Fund, the Federal Fund, and the School Permanent Trust

Fund. Each of these major funds are presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these nonmajor governmental funds can be found in the other supplementary information section of this report.

Proprietary funds – Services for which the State charges customers a fee are generally reported in proprietary funds. The state maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. Although the basis of accounting is the same for the government-wide and proprietary fund statements, reconciliation between these statements is presented because of the allocation of internal service funds' allocation of net income.

The State has four (4) major enterprise funds, The Bank of North Dakota, Housing Finance, University System, and Workers Compensation. These four funds are each presented in separate columns on the basic proprietary fund financial statements. The remaining enterprise funds are combined in a single total column on these statements. Individual fund data for each of the nonmajor enterprise funds can be found in the other supplementary information section of this report.

The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's five (5) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for the internal service funds is provided in the form of combining statements found elsewhere in this report.

Fiduciary funds -- The State acts as a trustee or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because the State cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units' financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the governmental fund financial statements.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, internal service, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled $3.68 billion at the end of fiscal year 2002, compared to $3.65 billion at the end of the prior fiscal year.

State of North Dakota's Net Assets as of June 30, 2002
(Expressed in Thousands)

	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	$ 1,490,230	$ 4,244,064	$ 5,734,294
Capital Assets	1,183,561	560,211	1,743,771
Total Assets	2,673,791	4,804,275	7,478,065
Long-Term Liabilities Outstanding	175,214	1,948,875	2,124,089
Other Liabilities	279,770	1,396,521	1,676,291
Total Liabilities	454,984	3,345,396	3,800,380
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,066,085	459,592	1,525,677
Restricted	833,944	310,457	1,144,401
Unrestricted	318,778	688,828	1,007,606
Total Net Assets	$ 2,218,807	$ 1,458,877	$ 3,677,684

The largest component (41.48%) of the State's net assets reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent 31.1% of the State's net assets. These represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion, unrestricted net assets, may be used at the State's discretion, but often have limitations on use based on State statutes.

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year:

State of North Dakota's Changes in Net Assets
For the Fiscal Year ended June 30, 2002
(Expressed in Thousands)

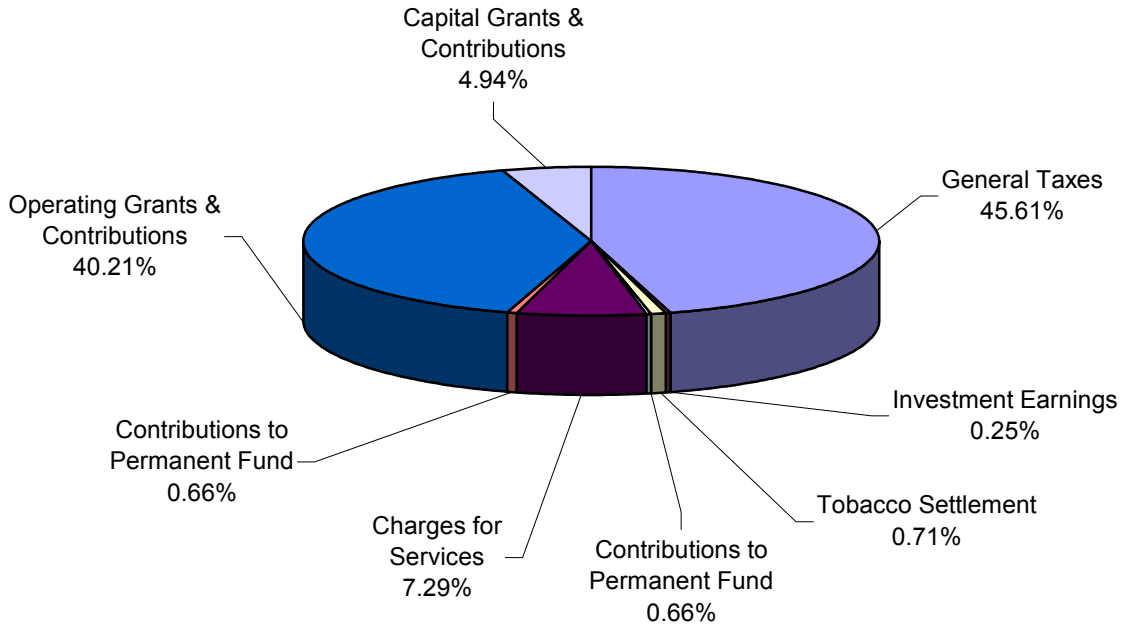
	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program Revenues:			
Charges for Services	$ 152,109	$ 649,496	$ 801,605
Operating Grants and Contributions	838,815	180,078	1,018,893
Capital Grants and Contributions	103,013	6,484	109,497
General Revenues:			
Income Taxes	233,288	-	233,288
Sales Taxes	567,901	-	567,901
Other Taxes	150,261	-	150,261
Investment Earnings	5,214	-	5,214
Tobacco Settlement	14,729	-	14,729
Other	6,858	-	6,858
Total Revenues	2,072,188	836,058	2,908,246
Expenses			
General Government	74,720	-	74,720
Education	418,599	-	418,599
Health and Human Services	730,285	-	730,285
Regulatory	15,106	-	15,106
Public Safety and Corrections	129,220	-	129,220
Agriculture and Commerce	51,345	-	51,345
Natural Resources	44,326	-	44,326
Transportation	320,773	-	320,773
Intergovernmental - Revenue Sharing	142,778	-	142,778
Interest on Long Term Debt	8,335	-	8,335
Bank of North Dakota	-	90,103	90,103
Housing Finance	-	59,503	59,503
Loan Programs	-	13,769	13,769
Mill and Elevator	-	79,009	79,009
State Fair	-	4,079	4,079
Unemployment Compensation	-	50,485	50,485
University System	-	587,779	587,779
Workers Compensation	-	78,051	78,051
Other	-	11,589	11,589
Total Expenses	1,935,487	974,367	2,909,854
Increase (decrease) in Net Assets Before Contributions and Transfers	136,701	(138,309)	(1,608)
Contributions to Permanent Fund Principal	13,665	-	13,665
Transfers	(170,233)	188,310	18,077
Increase (Decrease) in Net Assets	(19,867)	50,001	30,134
Net Assets - Beginning -As Restated	2,238,674	1,408,876	3,647,550
Net Assets- Ending	$ 2,218,807	$ 1,458,877	$ 3,677,684

Governmental Activities:

Governmental Activities decreased the State's net assets by $19.8 million primarily due to a decrease in tax collections. Individual income taxes decreased by about $14 million, corporate income taxes decreased by $10 million, and oil taxes decreased more than $10 million. The reduction in income tax collections was due to the slowdown of the national economy and a reduction in the capital gains income for individuals. The oil tax revenue decreased because of lower world oil prices. Approximately 46% of the revenues for governmental activities is from taxes, with grants and contributions, including federal revenues, accounting for another 45% of the revenues. The largest governmental expenditures are for education (public schools), health and human services, and transportation.

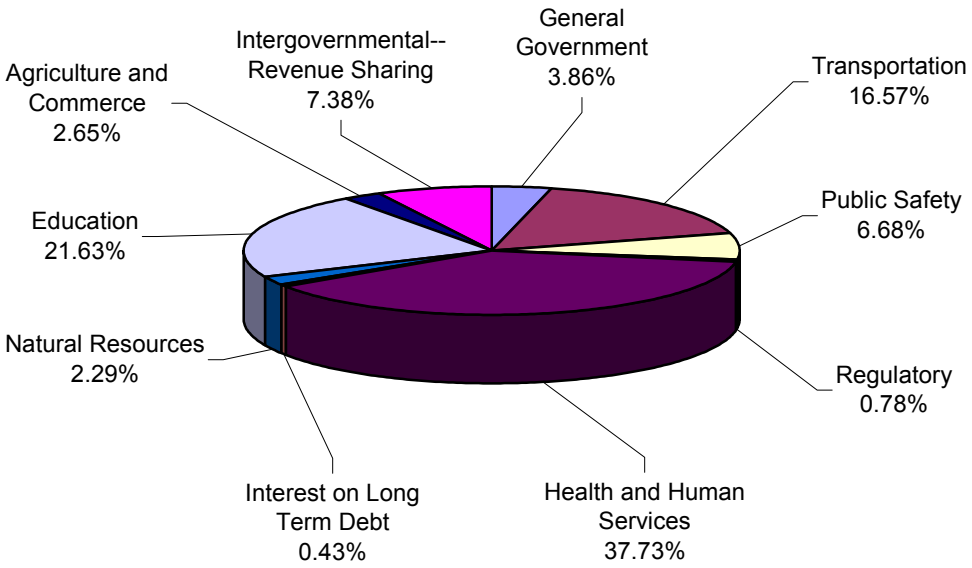
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues - Governmental Activities
Fiscal Year Ending June 30, 2002


Capital Grants & Contributions 4.94%
General Taxes 45.61%
Operating Grants & Contributions 40.21%
Investment Earnings 0.25%
Contributions to Permanent Fund 0.66%
Tobacco Settlement 0.71%
Charges for Services 7.29%
Contributions to Permanent Fund 0.66%

The following chart depicts expenses of the governmental activities for the fiscal year:

Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2002



Business-type Activities

Net assets of the business-type activities increased by $50 million during the fiscal year. Factors contributing to these results included:

The Bank of North Dakota's net assets increased nearly $18 million. The Bank's results of operations are primarily dependent upon the level of net interest income, which is the difference between total interest income and total interest expense. Net interest income increased from the previous year due to the overall increase in average earning assets of approximately $300 million offset by a .42% reduction in net interest margin percentage.

Worker's Compensation's net assets increased $7.3 million due to underwriting and investing activities. Underwriting consists of pricing premiums to cover the workers compensation loss exposure. Although annual premium rates are set to achieve break-even results for the current fiscal year, an independent actuarial analysis indicated favorable development on prior years' loss reserves. While underwriting activities' income increased about $37 million from the prior year, investing income decreased about $30 million because of market conditions.

The net assets of Housing Finance increased over $7 million due to increased income from program operations primarily because of fewer program dollars being invested and financed.

The North Dakota State University System had an increase of $6.6 million in net assets due to continuing investment in capital assets; reserves for repairs, maintenance and future debt service; and an increase in restricted assets relating to grants.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of $1.2 billion, a decrease of $36 million from the prior fiscal year. Approximately $507 million of this total amount constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved and is not available for new spending because it has already been dedicated to various commitments such as long-term receivables, debt service, and capital projects.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unreserved fund balance of the General Fund was $114.7 million and reserved fund balance was $770,922. Total fund balance declined during the fiscal year by $43.5 million, primarily as a result of a decrease in tax revenues explained above under governmental activities and a slowdown of the economy. By the end of fiscal year 2002, net General Fund revenues had declined 2.66 percent from the prior year.

The School Permanent Trust Fund balance at June 30, 2002, totaled $568 million, a decrease of $12 million from the prior year. The fund had $5.8 million in net investment losses this year as opposed to normally reporting positive net investment revenues. The change was due to unfavorable market conditions.

The Federal Fund balance at June 30, 2002, totaled $25 million, a decrease of $7 million from the prior year due to an increase in the amount of federal revenues reported as deferred revenue this year.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases in the net assets of the proprietary funds is discussed under "Business-type Activities" above.

General Fund Budgetary Highlights:

The State has a biennial appropriated budget. The fiscal year ended June 30, 2002, was the first year of the 2001-03 budget cycle. Differences between the original budget and the final budget were minor, a $7.97 million increase. The increases are due to the authorized carryover of general fund appropriation authority from the 1999-2001 biennium, which is reported as an appropriation adjustment for the 2001-03 budget. Some of those carryover amounts are noted below:

Several agencies received general fund carryover dollars from the 1999-2001 biennium for capital construction projects including the Department of Human Services, $335,784; Department of Corrections, $495,474; the Historical Society, $667,000; and Parks and Recreation, $810,829.

The Division of Emergency Management was authorized to carryover general fund appropriation authority of $2.7 million from the 1999-2001 biennium to provide state matching funds for public assistance and disaster hazard mitigation.

Several other state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the Office of Management and Budget, $1.2 million, Legislative Council and Assembly, $1.2 million, and the State Courts, $.35 million.

There were no expenditures in excess of budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2002, the State had invested $1.7 billion, net of accumulated depreciation, in a broad range of capital assets (see the table on the following page). Depreciation charges for this fiscal year totaled $180 million.

State of North Dakota's Capital Assets as of June 30, 2002
(Net of Depreciation, Expressed in Thousands)

	Governmental Activities	Business-Type Activities	Total Primary Government
Land and Land Improvements	$ 39,974	$ 15,850	$ 55,824
Building and Building Improvements	194,445	329,504	523,949
Equipment	85,385	120,627	206,012
Infrastructure	752,549	75,994	828,543
Construction in Progress	111,208	18,235	129,443
Total	$ 1,183,561	$ 560,210	$ 1,743,771

The total decrease in the State's investments in capital assets for the current fiscal year was about 0.4% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately $229 million for the year. Most of this amount was used to construct or reconstruct assets at the University Systems and for highway construction. More detailed information on the State's capital assets can be found in Note F to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of $2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The state has no general obligation bonds outstanding at June 30, 2002.

The State does have a number of revenue bonds outstanding at June 30, 2002. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of $399 million. The advances have a fixed rate of interest, ranging from 4.15 percent to 7.35 percent.

More detailed information regarding the State's long-term obligations is presented in Note I to the financial statements.

State of North Dakota's Outstanding Debt as of June 30, 2002
(Expressed in Thousands)

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenue Bonds	$ 140,161	$ 965,243	$ 1,105,404
Notes Payable	507	403,860	404,367
Total	$ 140,668	$ 1,369,103	$ 1,509,771

The State's total debt decreased by only 0.3 % during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

The revenue forecast for the 2001-03 biennium was approved by the Legislature in March 2001. In December 2001, an updated revenue forecast was prepared which reduced general fund revenues by $15 million. In June 2002 the revenue forecast was updated again, resulting in another reduction of $50 million to general fund revenues. Revenue projections were decreased primarily in the areas of individual income tax collections, corporate income tax collections, and interest.

To deal with the projected shortfall, Governor Hoeven implemented a 1.05 percent general fund reduction allotment and proposed to transfer additional funds from the Bank of North Dakota. The 2001 Legislative Assembly provided that up to $25 million in transfers from the Bank of North Dakota could be made to the general fund in the event of a revenue shortfall. As of the end of September 2002, the anticipated transfer required from the Bank of North Dakota is estimated to be approximately $15 million.

The 1.05 percent reduction allotment implemented by the governor applied to all general fund expenditures, although the Foundation Aid Stabilization Fund replaced the general funds cut in foundation aid payments so the payments to school districts remained whole.

Recognizing that general fund revenue growth would be minimal in the 2003-05 biennium, Governor Hoeven required agencies to submit a 95 percent budget request for 2003-05.

The outlook for general fund revenues in the 2003-05 biennium is for positive growth, although the growth will be slow and moderate. Because of the continued downturn in the stock market, individual income tax collections will not rebound quickly. In addition, there is a significant lag from the time the economy turns around to when the economic turnaround is reflected in general fund revenue collections.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions about this report or additional financial information should be addressed to the State of North Dakota, Office of Management and Budget, 600 E. Boulevard, Dept. 110, Bismarck, ND 58505.

STATE OF NORTH DAKOTA

Statement of Net Assets
June 30, 2002

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	$ 8,935,871	$ 673,933,940	$ 682,869,811	$ 16,803,612
Investments	620,241,292	1,399,172,797	2,019,414,089	265,639,669
Accounts Receivable - Net	17,347,679	61,770,476	79,118,155	394,906
Taxes Receivable - Net	173,215,575	-	173,215,575	-
Interest Receivable - Net	6,681,838	34,824,033	41,505,871	3,025,702
Intergovernmental Receivable - Net	130,206,818	31,639,944	161,846,762	-
Internal Receivable	408,660,500	-	81,344,949	-
Due from Fiduciary Funds	-	39,493	39,493	-
Due from Primary Government	-	-	-	124,014
Prepaid Items	3,576,801	1,325,698	4,902,499	-
Inventory	12,043,359	17,300,572	29,343,931	47,531
Unamortized Bond Financing Costs	280,000	10,600,086	10,880,086	1,599,373
Loans and Notes Receivable - Net	107,932,130	2,005,205,587	2,113,137,717	8,254,470
Other Assets	-	7,142,306	7,142,306	31,545
Capital Assets:				
Land and Construction in Progress	151,181,632	34,085,327	185,266,959	1,157,462
Infrastructure - Net	752,549,220	75,994,449	828,543,669	506,979
Buildings and Equipment - Net	279,829,911	450,130,622	729,960,533	11,263,823
Total Assets	2,672,682,626	4,803,165,330	7,148,532,405	308,849,086

The Accompanying Notes are an Integral Part of the Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	124,689,946	24,355,015	149,044,961	1,249,967
Accrued Payroll	27,075,781	7,170,229	34,246,010	-
Securities Lending Collateral	35,656,075	117,510,114	153,166,189	-
Interest Payable	6,710,659	23,361,392	30,072,051	2,005,861
Intergovernmental Payable	29,047,251	1,591,045	30,638,296	-
Tax Refunds Payable	36,463,383	-	36,463,383	
Contracts Payable	6,416,689	-	6,416,689	-
Internal Payable	-	327,315,551	-	-
Due to Primary Government	-	-	-	7,692
Federal Funds Purchased	-	292,323,000	292,323,000	
Reverse Repurchase Agreements	-	23,390,000	23,390,000	-
Claimant Liability	3,333,000	-	3,333,000	1,125,000
Other Deposits	-	507,173,623	507,173,623	-
Amounts Held in Custody for Others	-	7,718,284	7,718,284	-
Deferred Revenue	9,002,247	54,897,342	63,899,589	518,271
Other Liabilities	267,000	8,607,644	8,874,644	-
Long-Term Liabilities				
Due within one year	10,844,517	205,624,367	216,468,884	8,831,128
Due in more than one year	164,369,126	1,743,250,411	1,907,619,537	154,626,978
Total Liabilities	453,875,674	3,344,288,017	3,470,848,140	168,364,897
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,066,084,756	459,592,422	1,525,677,178	3,127,093
Restricted for:				
General Government	7,692,738	-	7,692,738	-
Education	11,862,440	-	11,862,440	-
Health and Human Services	48,991,787	-	48,991,787	-
Regulatory Purposes	11,011,444	-	11,011,444	-
Agriculture and Commerce	8,227,829	-	8,227,829	-
Cultural and Natural Resources	63,516,082	-	63,516,082	-
Transporation	88,211,949	-	88,211,949	-
Capital Projects	11,765,168	10,067,463	21,832,631	-
Debt Service	15,270,064	85,304,790	100,574,854	38,737,000
Loan Purposes	-	44,443,500	44,443,500	73,527,000
Pledged Assets	-	92,861,570	92,861,570	-
Unemployment Compensation	-	48,126,922	48,126,922	-
Permanent and Endowment Funds - Expendable	15,981,565	12,125,737	28,107,302	-
Permanent and Endowment Funds - Nonexpendable	551,413,037	8,839,888	560,252,925	-
Other	-	8,687,000	8,687,000	3,345,605
Unrestricted	318,778,093	688,828,021	1,007,606,114	21,747,491
Total Net Assets	$ 2,218,806,952	$ 1,458,877,313	$ 3,677,684,265	$ 140,484,189

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Activities

For the Fiscal Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 74,719,520	$ 20,113,433	$ 2,319,049	$ -
Education	418,598,694	2,890,417	98,200,490	20,000
Health and Human Services	730,285,413	19,868,736	514,492,530	45,415
Regulatory	15,105,644	14,309,927	2,408,552	-
Public Safety and Corrections	129,220,216	2,626,650	71,795,347	-
Agriculture and Commerce	51,344,782	17,223,430	19,435,444	-
Natural Resources	44,326,140	14,728,718	9,490,449	6,777,496
Transportation	320,773,349	60,347,992	120,672,848	96,169,993
Intergovernmental - Revenue Sharing	142,778,046	-	-	-
Interest on Long Term Debt	8,335,096	-	-	-
Total Governmental Activities	1,935,486,900	152,109,303	838,814,709	103,012,904
Business-Type Activities:				
Bank of North Dakota	90,103,458	123,315,000	-	-
Housing Finance	59,502,532	51,350,000	15,384,000	-
Loan Programs	13,768,752	10,724,770	6,672,186	-
Mill and Elevator	79,009,119	80,960,600	13,979	-
State Fair	4,078,523	2,884,451	337,232	-
Unemployment Compensation	50,485,399	48,361,519	17,340,236	-
University System	587,778,460	229,915,020	149,019,569	6,483,747
Workers Compensation	78,051,165	94,167,427	(8,614,191)	-
Other	11,589,458	7,817,585	(75,188)	-
Total Business-Type Activities	974,366,866	649,496,372	180,077,823	6,483,747
Total Primary Government	$ 2,909,853,766	$ 801,605,675	$ 1,018,892,532	$ 109,496,651
Component Units:	$ 24,303,198	$ 11,377,955	$ 34,857,822	$ -

General Revenues:
- Taxes:
  - Individual and Corporate Income Taxes
  - Sales and Use Taxes
  - Oil, Gas and Coal Taxes
  - Business and Other Taxes
- Unrestricted Investment Earnings
- Tobacco Settlement
- Miscellaneous
- Payment from State of North Dakota

Contributions to Permanent Fund Principal

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year, as Restated

Net Assets, Ending

The Accompanying Notes are an Integral Part of the Financial Statements

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (52,287,038)		$ (52,287,038)	
(317,487,787)		(317,487,787)	
(195,878,732)		(195,878,732)	
1,612,835		1,612,835	
(54,798,219)		(54,798,219)	
(14,685,908)		(14,685,908)	
(13,329,477)		(13,329,477)	
(43,582,516)		(43,582,516)	
(142,778,046)		(142,778,046)	
(8,335,096)		(8,335,096)	
(841,549,984)		(841,549,984)	
	$ 33,211,542	33,211,542	
	7,231,468	7,231,468	
	3,628,204	3,628,204	
	1,965,460	1,965,460	
	(856,840)	(856,840)	
	15,216,356	15,216,356	
	(202,360,124)	(202,360,124)	
	7,502,071	7,502,071	
	(3,847,061)	(3,847,061)	
-	(138,308,924)	(138,308,924)	
(841,549,984)	(138,308,924)	(979,858,908)	
			$ 21,932,579
233,288,277	-	233,288,277	-
567,901,369	-	567,901,369	-
90,976,331	-	90,976,331	-
59,284,332	-	59,284,332	-
5,213,490	-	5,213,490	-
14,729,391	-	14,729,391	-
6,858,007	-	6,858,007	-
-	-	-	1,175,000
13,665,257	-	13,665,257	-
(170,233,044)	188,309,895	18,076,851	-
821,683,410	188,309,895	1,009,993,305	1,175,000
(19,866,574)	50,000,971	30,134,397	23,107,579
2,238,673,526	1,408,876,342	3,647,549,868	117,376,610
$ 2,218,806,952	$ 1,458,877,313	$ 3,677,684,265	$ 140,484,189

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet
Governmental Funds
June 30, 2002

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	$ 33,853,613	$ 40,664,924	$ 2,057,823	$ 264,245,743	$ 340,822,103
Cash and Cash Equivalents	1,522,722	565,436	-	6,832,134	8,920,292
Investments at the Bank of ND	-	-	-	60,940,020	60,940,020
Investments	-	-	546,843,069	70,107,371	616,950,440
Accounts Receivable - Net	396,349	4,599,371	-	12,302,971	17,298,691
Taxes Receivable - Net	127,930,291	-	174,926	45,110,358	173,215,575
Interest Receivable - Net	15,018	24	5,353,283	1,263,723	6,632,048
Intergovernmental Receivable - Net	-	127,124,377	-	2,972,874	130,097,251
Due from Other Funds	34,495,118	5,675,418	6,170,573	28,413,109	74,754,218
Prepaid Items	-	-	-	943,786	943,786
Inventory	686,231	3,259,423	-	5,185,360	9,131,014
Loans and Notes Receivable - Net	84,691	-	46,317,869	61,529,570	107,932,130
Total Assets	$ 198,984,033	$ 181,888,973	$ 606,917,543	$ 559,847,019	$ 1,547,637,568
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 22,938,127	$ 81,912,409	$ 196,545	$ 18,765,529	$ 123,812,610
Accrued Payroll	10,848,378	9,700,541	-	5,426,777	25,975,696
Securities Lending Collateral	-	-	35,149,796	4,818,670	39,968,466
Interest Payable	88,135	-	-	31,220	119,355
Intergovernmental Payable	41,295	6,944,668	-	22,061,288	29,047,251
Tax Refunds Payable	35,820,823	-	-	642,560	36,463,383
Contracts Payable	11,165	5,197,447	-	1,208,077	6,416,689
Due to Other Funds	11,327,093	42,020,624	92,106	21,268,386	74,708,209
Claims/Judgments Payable	-	-	3,333,000	-	3,333,000
Deferred Revenue	2,420,907	10,911,096	-	10,099,491	23,431,494
Other Liabilities	-	-	-	267,000	267,000
Total Liabilities	83,495,923	156,686,785	38,771,447	84,588,998	363,543,153
Fund Balances:					
Reserved for:					
Inventory	686,231	177,370	-	5,185,360	6,048,961
Long - Term Receivables	84,691	-	-	61,529,570	61,614,261
Debt Service	-	-	-	17,159,371	17,159,371
Capital Projects	-	-	-	11,765,168	11,765,168
Prepaid Expenditures	-	-	-	943,786	943,786
Undistributed Revenue	-	-	5,353,283	-	5,353,283
Permanent Trust Fund	-	-	562,792,813	-	562,792,813
Legal Requirements	-	-	-	10,763,063	10,763,063
Unreserved:					
Designated for:					
Fund Activities	-	-	-	4,545,166	4,545,166
Patients Welfare	-	-	-	460,463	460,463
Unreserved, Reported in :					
General Fund	114,717,188	-	-	-	114,717,188
Special Revenue Funds	-	25,024,818	-	362,906,074	387,930,892
Total Fund Balances	115,488,110	25,202,188	568,146,096	475,258,021	1,184,094,415
Total Liabilities and Fund Balances	$ 198,984,033	$ 181,888,973	$ 606,917,543	$ 559,847,019	$ 1,547,637,568

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2002

Total Fund Balances-Governmental Funds		$ 1,184,094,415
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $3,372,859,301 and the accumulated depreciation is $2,237,922,763.		1,134,936,538
Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		17,285,548
Prepaid items are paid from current available financial resources in the funds, but are capitalized in the statement of net assets.		2,324,103
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets..		52,478,213
Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		280,000
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:		
Bonds Payable	(140,161,180)	
Notes Payable	(150,151)	
Accrued Interest on Long-Term Liabilities	(1,889,358)	
Compensated Absences	(26,188,108)	
Intergovernmental Payable	(590,809)	
Capital Leases	(1,395,662)	
Claims and Judgments	(2,216,597)	
Total Long-Term Liabilities		(172,591,865)
Net Assets of Governmental Activities		$ 2,218,806,952

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	$ 225,484,517	$ -	$ -	$ 9,327,938	$ 234,812,455
Sales and Use Taxes	421,869,390	-	-	145,595,669	567,465,059
Oil, Gas, and Coal Taxes	53,826,559	-	1,696,709	35,453,063	90,976,331
Business Taxes	42,634,774	-	-	16,649,558	59,284,332
Licenses, Permits and Fees	11,327,505	-	-	78,970,199	90,297,704
Intergovernmental	-	917,579,621	-	1,352,377	918,931,998
Sales and Services	1,358,059	3,895,716	-	34,043,276	39,297,051
Royalties and Rents	3,797,829	207	12,084,257	2,035,594	17,917,887
Fines and Forfeits	2,296,396	-	1,613,937	6,981,758	10,892,091
Interest and Investment Income	3,431,724	67,837	(5,778,277)	6,568,115	4,289,399
Tobacco Settlement		-	12,051,320	14,729,391	26,780,711
Commodity Assessments	-	-	-	9,443,805	9,443,805
Miscellaneous	363,255	11,581	-	2,716,689	3,091,525
Total Revenues	766,390,008	921,554,962	21,667,946	363,867,432	2,073,480,348
EXPENDITURES					
Current:					
General Government	63,145,955	805,264	-	6,297,143	70,248,362
Education	287,577,112	86,220,618	2,559,118	37,059,624	413,416,472
Health and Human Services	196,337,923	486,994,260	-	45,178,718	728,510,901
Regulatory	7,569,309	2,289,132	-	4,803,591	14,662,032
Public Safety and Corrections	60,631,989	70,273,843	-	4,685,184	135,591,016
Agriculture and Commerce	10,312,451	18,512,440	-	22,438,139	51,263,030
Natural Resources	13,069,208	14,444,948	-	19,444,668	46,958,824
Transportation	334,817	214,527,008	-	109,959,559	324,821,384
Intergovernmental - Revenue Sharing	-	-	-	142,778,046	142,778,046
Capital Outlay	58,354	102,061	-	8,987,009	9,147,424
Debt Service:					
Principal	-	-	-	6,374,010	6,374,010
Interest and Other Charges	-	-	-	7,327,477	7,327,477
Total Expenditures	639,037,118	894,169,574	2,559,118	415,333,168	1,951,098,978
Revenues over (under) Expenditures	127,352,890	27,385,388	19,108,828	(51,465,736)	122,381,370
OTHER FINANCING SOURCES (USES)					
Proceeds from Bonds and Notes	-	-	-	11,368,445	11,368,445
Proceeds from Capital Leases	58,354	102,061	-	-	160,415
Proceeds from Sale of Capital Assets	146,361	-	-	293,035	439,396
Other	-	-	-	3,813	3,813
Transfers In	42,294,412	408,419	-	89,380,264	132,083,095
Transfers Out	(213,412,321)	(34,828,640)	(31,516,262)	(23,159,192)	(302,916,415)
Total Other Financing Sources (Uses)	(170,913,194)	(34,318,160)	(31,516,262)	77,886,365	(158,861,251)
Net Change in Fund Balances	(43,560,304)	(6,932,772)	(12,407,434)	26,420,629	(36,479,881)
Fund Balances - Beginning of Year, as Adjusted	159,048,414	32,134,960	580,553,530	448,837,392	1,220,574,296
Fund Balances - End of Year	$ 115,488,110	$ 25,202,188	$ 568,146,096	$ 475,258,021	$ 1,184,094,415

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2002

Net Change in Fund Balances-Total Governmental Funds		$ (36,479,881)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	150,352,628	
Depreciation Expense	(136,249,472)	
Excess of capital outlay over depreciation expense		14,103,156
In the statement of activities, only the *gain(loss)* on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold.		(924,737)
Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources.		152,915
Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net assets.		(160,415)
Based on receipt dates, some revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased/decreased by this amount this year.		3,888,011
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities		3,932,526
Prepaid items are paid from current available financial resources in the funds, but are capitalized in the statement of net assets.		1,170,283
Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		(11,368,445)
Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		280,000
Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Bond principal retirement	6,374,010	
Note payments	168,919	
Capital lease payments	2,240,670	
Total long-term debt repayment		8,783,599
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Net increase/decrease in accrued interest	(974,650)	
Net increase/decrease in compensated absences	(1,412,104)	
Net increase/decrease in intergovernmental payable	(264,601)	
Net increase/decrease in claims and judgments	(592,231)	
Total additional expenditures		(3,243,586)
Change in Net Assets of Governmental Activities		$ (19,866,574)

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets
Proprietary Funds
June 30, 2002

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workers Compensation	Other Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND		$ 930,000	$ 55,274,443	$ 749,739	$ 17,181,848	$ 74,136,030	$ 6,285,213
Cash and Cash Equivalents		26,000	858,575	-	39,421,265	40,305,840	15,579
Investments at the Bank of ND		-	14,709,566	30,666,499	38,315,882	83,691,947	-
Investments		14,037,000	-	983,897,936	18,087,126	1,016,022,062	3,290,852
Accounts Receivable - Net		459,000	13,703,753	19,939,239	27,668,484	61,770,476	48,988
Interest Receivable - Net		319,000	152,582	8,084,740	1,409,711	9,966,033	49,790
Intergovernmental Receivable - Net		383,000	28,557,277	-	2,699,667	31,639,944	109,567
Due from Other Funds		30,000	12,023,103	23,268	1,220,469	13,296,840	4,882,322
Due from Fiduciary Funds		-	-	-	39,493	39,493	-
Prepaid Items		16,000	-	324,772	984,926	1,325,698	308,912
Inventory		-	6,649,214	-	10,651,358	17,300,572	125,728
Loans and Notes Receivable - Net		900,000	5,465,301	-	2,104,684	8,469,985	-
Other Current Assets		-	1,121,776	-	-	1,121,776	-
Restricted Cash at the Bank of ND		6,967,000	-	-	32,427,000	39,394,000	-
Restricted Cash and Cash Equivalents		130,660,000	-	-	-	130,660,000	-
Restricted Investments at the Bank Of ND		-	-	-	94,392,000	94,392,000	-
Restricted Interest Receivable - Net		3,450,000	-	-	983,000	4,433,000	-
Restricted Loans Receivable - Net		10,904,000	-	-	16,595,000	27,499,000	-
Total Current Assets		169,081,000	138,515,590	1,043,686,193	304,181,913	1,655,464,696	15,116,951
Noncurrent Assets:							
Restricted Cash at the Bank of ND		-	-	-	2,353,000	2,353,000	-
Restricted Cash and Cash Equivalents		-	4,568,607	-	18,493	4,587,100	-
Investments at the Bank of ND		-	59,905,035	-	-	59,905,035	-
Investments		-	13,481,088	-	-	13,481,088	-
Restricted Investments at the Bank Of ND		-	-	-	27,426,827	27,426,827	-
Restricted Investments		17,722,000	15,826,444	-	6,498,203	40,046,647	-
Loans and Notes Receivable - Net		-	35,821,513	-	28,436,089	64,257,602	-
Restricted Loans Receivable - Net		612,146,000	-	-	65,813,000	677,959,000	-
Unamortized Bond Issuance Costs		8,281,000	1,140,086	-	1,179,000	10,600,086	-
Other Noncurrent Assets		-	6,550	-	868,980	875,530	-
Capital Assets:							
Land and Construction in Progress		-	28,714,236	4,148,158	550,933	33,413,327	-
Infrastructure - Net		-	74,390,350	-	1,604,099	75,994,449	-
Buildings and Equipment -Net		86,000	400,026,774	773,813	45,945,035	446,831,622	48,624,225
Total Noncurrent Assets		638,235,000	633,880,683	4,921,971	180,693,659	1,457,731,313	48,624,225
Bank Related Assets:							
Cash and Cash Equivalents	$ 498,381,000					498,381,000	
Investments	329,623,000					329,623,000	
Interest Receivable - Net	20,425,000					20,425,000	
Due from Other Funds	22,882,000					22,882,000	
Loans and Notes Receivable - Net	1,227,020,000					1,227,020,000	
Other Assets	5,145,000					5,145,000	
Capital Assets:							
Land and Construction in Progress	672,000					672,000	
Buildings and Equipment - Net	3,299,000					3,299,000	
Total Bank Related Assets	2,107,447,000				-	2,107,447,000	
Total Assets	2,107,447,000	807,316,000	772,396,273	1,048,608,164	484,875,572	5,220,643,009	63,741,176

The Accompanying Notes are an Integral Part of the Financial Statements

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workers Compensation	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable		502,000	15,058,218	3,949,284	4,845,513	24,355,015	868,734
Accrued Payroll		-	7,008,071	-	162,158	7,170,229	1,108,687
Securities Lending Collateral		-	-	115,393,911	2,116,203	117,510,114	386,924
Interest Payable		19,481,000	1,117,690	-	922,242	21,520,932	2,631
Intergovernmental Payable		2,869,000	-	-	9,829,904	12,698,904	-
Due to Other Funds		1,981,000	12,092,615	46,076	20,466,585	34,586,276	3,206,720
Other Deposits		-	5,822,996	-	-	5,822,996	-
Amounts Held in Custody for Others		6,967,000	-	-	751,284	7,718,284	-
Claims/Judgments Payable		-	-	75,000,000	5,939,681	80,939,681	850,528
Compensated Absences Payable		82,000	903,759	52,510	29,983	1,068,252	55,097
Notes Payable		-	408,852	-	-	408,852	348,653
Capital Leases Payable		-	5,834,984	25,447	37,366	5,897,797	7,294
Bonds Payable		10,605,000	4,907,298	-	64,039,461	79,551,759	-
Deferred Revenue		77,000	12,158,173	41,861,328	894,723	54,991,224	69,684
Other Current Liabilities		-	153,477	-	413,452	566,929	-
Total Current Liabilities		42,564,000	65,466,133	236,328,556	110,448,555	454,807,244	6,904,952
Noncurrent Liabilities:							
Intergovernmental Payable		3,143,000	-	-	8,906,870	12,049,870	-
Claims/Judgments Payable		-	-	425,800,000	1,255,874	427,055,874	2,178,273
Compensated Absences Payable		54,000	14,805,751	472,585	751,454	16,083,790	1,063,440
Notes Payable		-	3,898,056	-	-	3,898,056	7,851
Capital Leases Payable		-	24,346,532	33,929	63,087	24,443,548	-
Bonds Payable		700,737,000	57,393,498	-	127,561,148	885,691,646	-
Other Noncurrent Liabilities		-	1,740,479	-	143,636	1,884,115	-
Total Noncurrent Liabilities		703,934,000	102,184,316	426,306,514	138,682,069	1,371,106,899	3,249,564
Bank Related Liabilities:							
Interest Payable	1,341,000					1,341,000	
Due to Other Funds	3,643,000					3,643,000	
Federal Funds Purchased	292,323,000					292,323,000	
Reverse Repurchase Agreements	23,390,000					23,390,000	
Deposits Held for Other Funds	752,993,000					752,993,000	
Other Deposits	455,608,000					455,608,000	
Other Liabilities	8,109,000					8,109,000	
Long Term Liabilities:							
Due within one year	26,488,000					26,488,000	
Due in more than one year	373,065,000					373,065,000	
Total Bank Related Liabilities	1,936,960,000					1,936,960,000	
Total Liabilities	1,936,960,000	746,498,000	167,650,449	662,635,070	249,130,624	3,762,874,143	10,154,516
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	3,971,000	86,000	410,257,506	4,852,435	40,425,481	459,592,422	48,578,943
Restricted for:							
Capital Projects	-	-	10,049,019	-	18,444	10,067,463	-
Debt Service	-	27,441,000	10,448,844	-	47,414,946	85,304,790	-
Loan Purposes	-	-	44,443,500	-	-	44,443,500	-
Pledged Assets	92,046,000	-	-	-	815,570	92,861,570	-
Unemployment Compensation	-	-	-	-	48,126,922	48,126,922	-
Endowment Funds-Nonexpendable	-	-	12,125,737	-	-	12,125,737	-
Endowment Funds-Expendable	-	-	8,839,888	-	-	8,839,888	-
Other	-	8,687,000	-	-	-	8,687,000	-
Unrestricted	74,470,000	24,604,000	108,581,330	381,120,659	98,943,585	687,719,574	5,007,717
Total Net Assets	$ 170,487,000	$ 60,818,000	$ 604,745,824	$ 385,973,094	$ 235,744,948	$ 1,457,768,866	$ 53,586,660

Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets

June 30, 2002

Total Net Assets - Enterprise Funds	$ 1,457,768,866
Amounts reported for business-type activities in the statement of net assets are different because:	
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	1,108,447
Net Assets of Business-Type Activities	$ 1,458,877,313

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workers Compensation	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	$ 8,644,000	$ 1,584,000	$ 64,216,072	$ 92,562,230	$ 142,625,051	$ 309,631,353	$ 56,361,773
Auxiliary Sales Pledged for Bonds	-	-	52,612,292	-	-	52,612,292	-
Tuition and Fees	-	-	105,568,946	-	-	105,568,946	-
Grants and Contributions	-	-	126,735,701	-	15,202,279	141,937,980	-
Royalties and Rents	-	-	-	-	7,820	7,820	-
Fines and Forfeits	-	-	-	1,605,197	-	1,605,197	-
Interest and Investment Income	114,671,000	49,766,000	-	-	8,053,975	172,490,975	-
Miscellaneous	-	-	842,469	-	62,079	904,548	197,118
Total Operating Revenues	123,315,000	51,350,000	349,975,480	94,167,427	165,951,204	784,759,111	56,558,891
OPERATING EXPENSES							
Cost of Sales and Services	-	-	35,436,825	-	76,986,989	112,423,814	1,202,504
Salaries and Benefits	7,179,000	-	347,630,078	-	4,020,116	358,829,194	13,779,074
Operating	9,227,000	5,093,000	142,975,820	11,663,862	13,060,359	182,020,041	26,848,116
Claims	-	-	-	59,676,037	55,992,675	115,668,712	2,014,530
Refunds	-	-	-	-	504	504	-
Scholarships and Fellowships	-	-	23,484,682	-	-	23,484,682	-
Interest	72,840,000	41,392,000	-	-	5,501,770	119,733,770	-
Depreciation	831,000	52,000	32,377,317	270,519	2,317,192	35,848,028	8,172,396
Miscellaneous	-	-	-	-	4,094	4,094	-
Total Operating Expenses	90,077,000	46,537,000	581,904,722	71,610,418	157,883,699	948,012,839	52,016,620
Operating Income (Loss)	33,238,000	4,813,000	(231,929,242)	22,557,009	8,067,505	(163,253,728)	4,542,271
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	-	-	4,176,277	-	283,843	4,460,120	-
Gifts	-	-	13,601,789	-	-	13,601,789	-
Interest and Investment Income	-	15,384,000	4,505,802	(8,614,191)	8,799,786	20,075,397	(34,146)
Interest Expense	-	(12,963,000)	(3,490,222)	(6,451,741)	(586,364)	(23,491,327)	(68,719)
Loss on Sale of Capital Assets	-	(2,000)	(2,941,423)	-	(263,654)	(3,207,077)	(534,128)
Other	-	-	6,675,241	-	(228,068)	6,447,173	2,108
Total Nonoperating Revenues (Expenses)	-	2,419,000	22,527,464	(15,065,932)	8,005,543	17,886,075	(634,885)
Income (Loss) Before Contributions and Transfers	33,238,000	7,232,000	(209,401,778)	7,491,077	16,073,048	(145,367,653)	3,907,386
Capital Grants and Contributions	-	-	6,483,747	-	-	6,483,747	-
Transfers In	12,000	-	213,864,972	-	4,592,500	218,469,472	600,275
Transfer Out	(15,541,000)	(24,000)	(4,276,675)	(150,000)	(10,167,902)	(30,159,577)	-
Change in Net Assets	17,709,000	7,208,000	6,670,266	7,341,077	10,497,646	49,425,989	4,507,661
Total Net Assets - Beginning of Year, as Adjusted	152,778,000	53,610,000	598,075,558	378,632,017	225,247,302	1,408,342,877	49,078,999
Total Net Assets - End of Year	$ 170,487,000	$ 60,818,000	$ 604,745,824	$ 385,973,094	$ 235,744,948	$ 1,457,768,866	$ 53,586,660

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002

	$ 49,425,989
Net Change in Net Assets-Total Enterprise Funds	
Amounts reported for business-type activities in the statement of activities are different because	
Expenses were reduced based on the allocation of internal service fund's net income	574,982
Change in Net Assets of Business-Type Activities	$ 50,000,971

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Continued On Next Page

Statement Of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2002

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank Of North Dakota	Housing Finance	University System	Workers Compensation	Other Enterprise Funds	Total	Internal Service Funds
Cash Flows From Operating Activities:							
Receipts From Customers and Users	$ 9,997,000	$ 129,396,000	$ 116,746,731	$ 103,560,693	$ 285,702,295	$ 645,402,719	$ 56,919,309
Receipts From Tuition and Fees	-	-	101,972,524	-	-	101,972,524	-
Interest Income on Loans	-	-	-	-	621,222	621,222	-
Receipts From Loan Principal Repayments	-	-	7,974,332	-	12,470,057	20,444,389	-
Receipts From Federal And Local Agencies	-	-	6,074,895	-	-	6,074,895	25
Receipts From Other Funds	-	-	-	-	455	455	94,327
Receipts From Grants and Contracts	-	-	123,187,823	-	-	123,187,823	-
Reed Act Distribution	-	-	-	-	15,267,835	15,267,835	-
Receipts From Others	-	-	3,008,569	-	59,512	3,068,081	76,848
Payments For Loan Funds	-	-	(8,174,177)	-	(10,302,155)	(18,476,332)	-
Payments To Other Funds	-	-	-	-	(5,782)	(5,782)	-
Payments For Scholarships and Fellowships	-	-	(23,180,782)	-	-	(23,180,782)	-
Payments To Suppliers	(4,612,000)	(103,654,000)	(178,125,747)	(89,547,660)	(284,834,791)	(660,774,198)	(29,642,751)
Payments To Employees	(7,157,000)	(1,622,000)	(344,903,107)	(7,528,644)	(8,973,008)	(370,183,759)	(12,763,239)
Payments To Others	-	(2,877,000)	-	(6,947,558)	(4,598)	(9,829,156)	(394,052)
Net Cash Provided By (Used For) Operating Activities	(1,772,000)	21,243,000	(195,418,939)	(463,169)	10,001,042	(166,410,066)	14,290,467
Cash Flows From Noncapital Financing Activities:							
Proceeds From Bonds	-	77,056,000	-	-	-	77,056,000	-
Proceeds From Sale Of Notes And Other Borrowings	151,141,000	-	-	-	-	151,141,000	1,000,000
Principal Payments - Bonds	-	-	-	-	(27,082,000)	(27,082,000)	-
Principal Payments - Notes And Other Borrowings	(6,027,000)	(207,465,000)	-	-	-	(213,492,000)	(2,313,453)
Interest Payments - Bonds	-	(46,450,000)	-	-	(5,430,000)	(51,880,000)	-
Interest Payments - Notes And Other Borrowings	(19,479,000)	-	-	-	(279,770)	(19,758,770)	(45,350)
Payment Of Bond Issue Costs	-	(921,000)	-	-	-	(921,000)	-
Operating Transfers In	-	-	-	-	4,892,500	4,892,500	600,275
Operating Transfers Out	(50,036,000)	(24,000)	-	(150,000)	(1,167,902)	(51,377,902)	-
Net Increase In Non-Interest Bearing Deposits	62,884,000	-	-	-	-	62,884,000	-
Net Increase (Decrease) In Interest Bearing Deposits	10,469,000	-	-	-	-	10,469,000	-
Payments Of Interest On Deposits	(45,673,000)	-	-	-	-	(45,673,000)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(10,396,000)	-	-	-	-	(10,396,000)	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	100,641,000	-	-	-	-	100,641,000	-
Proceeds From Due From Primary Government	483,000	-	2,500,000	-	75,000	3,058,000	-
Collection Of Due To Primary Government	(483,000)	-	-	-	(797,474)	(1,280,474)	-
Grants Received	-	-	12,277,790	-	283,843	12,561,633	-
State Appropriations	-	-	214,619,560	-	-	214,619,560	-
Agency Fund Cash Increase	-	-	3,306,547	-	-	3,306,547	-
Cash Received On Deposits	-	-	91,353	-	-	91,353	-
Cash Paid On Deposits	-	-	(1,936,417)	-	-	(1,936,417)	-
Other	-	-	2,118,213	-	-	2,118,213	-
Net Cash Provided By (Used For) Noncapital Financing Activities	193,524,000	(177,804,000)	232,977,046	(150,000)	(29,505,803)	219,041,243	(758,528)
Cash Flows From Capital And Related Financing Activities:							
Acquisition And Construction Of Capital Assets	(1,158,000)	(12,000)	(42,008,364)	(2,991,034)	(2,714,141)	(48,883,539)	(13,051,352)
Proceeds From Sale Of Capital Assets	-	4,000	56,451	-	14,867	75,318	1,945,422
Proceeds From Sale Of Notes And Other Borrowings	-	-	19,991,081	-	20,900,000	40,891,081	-
Principal Payments - Bonds	-	-	-	-	(195,000)	(195,000)	-
Principal Payments - Notes And Other Borrowings	-	-	(15,509,175)	-	(22,208,426)	(37,717,601)	-
Interest Payments - Bonds	-	-	-	-	(133,335)	(133,335)	-
Interest Payments - Notes And Other Borrowings	-	-	(3,249,608)	-	(319,947)	(3,569,555)	-
Capital Appropriations	-	-	6,783,968	-	-	6,783,968	-
Payment On Capital Leases	-	-	-	-	(43,590)	(43,590)	(35,364)
Interest Payments - Capital Leases	-	-	-	-	-	-	(1,598)
Other	-	-	-	-	(137,484)	(137,484)	-
Payment Of Bond Discounts	-	-	(170,218)	-	-	(170,218)	-
Operating Transfers In From Other Funds	-	-	1,466,206	-	-	1,466,206	-
Operating Transfers (Out) To Other Funds	-	-	(4,276,675)	-	-	(4,276,675)	-
Capital Grants and Gifts Received	-	-	5,214,392	-	-	5,214,392	-
Insurance Proceeds	-	-	4,828,667	-	-	4,828,667	-
Net Cash Used For Capital And Related Financing Activities	(1,158,000)	(8,000)	(26,873,275)	(2,991,034)	(4,837,056)	(35,867,365)	(11,142,892)

STATE OF NORTH DAKOTA

Statement Of Cash Flows
Proprietary Funds (Continued)
For The Fiscal Year Ended June 30, 2002

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank Of North Dakota	Housing Finance	University System	Workers Compensation	Other Enterprise Funds	Total	Internal Service Funds
Cash Flows From Investing Activities:							
Proceeds From Sale And Maturities Of Investment Securities	529,408,000	6,976,000	54,829,544	19,000,000	309,115,722	919,329,266	41,502
Purchase Of Investment Securities	(667,258,000)	-	(48,703,082)	(15,500,000)	(329,437,614)	(1,060,898,696)	-
Interest And Dividends On Investments	27,453,000	2,423,000	5,573,444	-	11,313,610	46,763,054	125,956
Net Increase In Loans	(117,338,000)	-	-	-	-	(117,338,000)	-
Disbursements For Loans And Loan Purchases	-	-	-	-	(815,000)	(815,000)	-
Receipt Of Loan Principal Repayments	-	-	-	-	1,303,104	1,303,104	-
Loan Income Received	91,417,000	-	-	-	901,240	92,318,240	-
Other	-	-	-	-	2,537	2,537	-
Net Cash Provided By (Used For) Investing Activities	(136,318,000)	9,399,000	11,699,906	3,500,000	(7,616,401)	(119,335,495)	167,458
Net Change In Cash:							
Net Increase (Decrease) In Cash And Cash Equivalents	54,276,000	(147,170,000)	22,384,738	(104,203)	(31,958,218)	(102,571,683)	2,556,505
Cash And Cash Equivalents At June 30, 2001	444,105,000	285,753,000	38,266,887	853,942	123,359,824	892,338,653	3,744,287
Cash And Cash Equivalents At June 30, 2002	$ 498,381,000	$ 138,583,000	$ 60,651,625	$ 749,739	$ 91,401,606	$ 789,766,970	$ 6,300,792
Reconciliation:							
Current:							
Cash Deposits At The Bank Of North Dakota	$ -	$ 930,000	$ 55,274,443	$ 749,739	$ 17,181,848	$ 74,136,030	$ 6,285,213
Cash And Cash Equivalents	498,381,000	26,000	858,575	-	39,421,265	538,686,840	15,579
Restricted Cash Deposits At The Bank Of North Dakota	-	6,967,000	-	-	32,427,000	39,394,000	-
Restricted Cash And Cash Equivalents	-	130,660,000	-	-	-	130,660,000	-
Noncurrent:							
Restricted Cash Deposits At The Bank Of North Dakota	-	-	-	-	2,353,000	2,353,000	-
Restricted Cash And Cash Equivalents	-	-	4,568,607	-	18,493	4,587,100	-
Cash And Cash Equivalents	$ 498,381,000	$ 138,583,000	$ 60,701,625	$ 749,739	$ 91,401,606	$ 789,816,970	$ 6,300,792
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used For) Operating Activities:							
Operating Income (Loss)	$ 33,238,000	$ 4,813,000	$ (231,929,242)	$ 22,557,009	$ 8,067,505	$ (163,253,728)	$ 4,542,271
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:							
Depreciation	831,000	52,000	32,377,317	270,519	2,317,192	35,848,028	8,172,396
Amortization\Accretion	-	870,000	25,929	-	1,351,000	2,246,929	305,775
Reclassification Of Interest Revenue\Expense	(41,401,000)	409,000	-	-	(3,735,853)	(44,727,853)	-
Net Depreciation In Fair Value Of Investments	(430,000)	(547,000)	-	-	(166,000)	(1,143,000)	-
Interest Received On Program Loans	-	41,144,000	-	-	5,341,000	46,485,000	-
Disbursements For Loans And Loan Purchases	-	(98,733,000)	-	-	(23,614,000)	(122,347,000)	-
Receipt Of Loan Principal Repayments	-	75,721,000	-	-	19,091,000	94,812,000	-
Provision For Losses	2,700,000	-	1,030,830	-	84,400	3,815,230	-
Premiums Collected	-	-	-	-	103,244,660	103,244,660	-
Premiums Paid	-	-	-	-	(103,244,660)	(103,244,660)	-
Other	1,000	(2,383,000)	555,570	-	-	(1,826,430)	-
Change In Assets And Liabilities:							
(Increase) Decrease In Accounts Receivable	-	(129,000)	(3,099,739)	4,071,070	(1,675,270)	(832,939)	193,220
Increase In Interest Receivable	-	-	-	-	61,495	61,495	-
(Increase) Decrease In Due From	(19,000)	13,000	-	-	(13,501)	(19,501)	298,465
Increase In Due From Fiduciary Funds	-	-	-	-	(14,234)	(14,234)	-
(Increase) Decrease In Intergovernmental Receivable	-	(140,000)	-	-	1,040,801	900,801	(11,415)
Decrease In Notes Receivable	-	-	-	-	255,214	255,214	-
(Increase) Decrease In Prepaid Items	-	-	-	145,812	(29,269)	116,543	6,728
Increase In Inventories	-	-	(171,285)	-	(90,264)	(261,549)	(14,768)
Increase (Decrease) In Other Assets	1,230,000	-	1,275,019	-	-	2,505,019	(624,937)
Increase (Decrease) In Accounts Payable	-	(799,000)	140,336	(9,821,973)	617,405	(9,863,232)	88,166
Increase (Decrease) In Claims\Judgements Payable	-	-	-	(14,200,000)	533,459	(13,666,541)	935,801
Increase (Decrease) In Intergovernmental Payable	-	(108,000)	-	-	(434,222)	(542,222)	14,788
Increase In Accrued Payrol	-	-	-	-	287,049	287,049	134,657
Increase In Compensated Absences Payable	-	-	803,192	68,929	65,429	937,550	97,113
Increase (Decrease) In Amounts Held For Others	-	1,078,000	-	-	(10,058)	1,067,942	-
Increase (Decrease) In Other Deposits	-	-	(66,999)	-	-	(66,999)	-
Increase (Decrease) In Due To Other Funds	(57,000)	(6,000)	-	1,903	159,083	97,986	100,747
Increase (Decrease) In Deferred Revenue	-	(12,000)	4,260,945	(3,625,974)	470,174	1,093,145	51,460
Increase (Decrease) In Other Liabilities	2,135,000	-	(620,812)	69,536	41,507	1,625,231	-
Total Adjustments	(35,010,000)	16,430,000	36,510,303	(23,020,178)	1,933,537	(3,156,338)	9,748,196
Net Cash Provided By (Used For) Operating Activities	$ (1,772,000)	$ 21,243,000	$ (195,418,939)	$ (463,169)	$ 10,001,042	$ (166,410,066)	$ 14,290,467
Noncash Transactions:							
Net Decrease In Fair Value Of Investments	$ -	$ -	$ -	$ (48,135,159)	$ (1,075,159)	$ (49,210,318)	$ (185,588)
Change In Securities Lending Collatera	-	-	-	(45,812,802)	(1,253,121)	(47,065,923)	(169,361)
Acquisition Of Equipment Under Capital Lease	-	-	11,850,139	82,340	-	11,932,479	-
Interest On Investments	-	-	-	33,069,227	-	33,069,227	-
Amortization Of Bond Discount	-	-	-	-	5,539	5,539	-
Like Kind Exchange Of Capital Asset	-	-	4,000,000	-	-	4,000,000	-
Total Noncash Transactions	$ -	$ -	$ 15,850,139	$ (60,796,394)	$ (2,322,741)	$ (47,268,996)	$ (354,949)

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	$ 8,594,959	$ 56,566	$ 91,745	$ 7,786,599
Cash and Cash Equivalents	-	-	266,605	1,959,213
Receivables:				
Contributions Receivable	9,121,741	-	-	-
Interest Receivable - Net	7,832,399	26,328	46	-
Accounts Receivable-Net	350,470	-	84,305	6,121,278
Taxes Receivable-Net	-	-	-	10,211,316
Due from Other Funds	104,590	-	-	247
			-	
Total Receivables	17,409,200	26,328	84,351	16,332,841
Investments, at Fair Value:				
Investments at the Bank of ND	28,475,229	507,439	18,208	7,971,940
Equity Pool	1,327,111,682	15,632,535	1,345,399	-
Fixed Income	67,133,019	-	807,407	2,359,523
Fixed Income Pool	628,526,286	15,059,367	-	-
Cash and Cash Pool	33,433,624	249,942	276,108	-
Guaranteed Investment Contract	4,280,410	-	-	-
Real Estate Pool	161,853,493	1,231,376	-	-
Private Equity	72,072,337	466,777	-	-
Annuties	250,723	-	-	
Mutual Funds	8,395,972	-	-	-
Total Investments	2,331,532,775	33,147,436	2,447,122	10,331,463
Invested Securities Lending Collateral	137,685,969	2,579,413	-	-
Capital Assets (Net of Depreciation)	47,928	-	-	-
Other Assets	-	-	-	136,467
Total Assets	2,495,270,831	35,809,743	2,889,823	$ 36,546,583
LIABILITIES				
Accrued Payroll	55,960	-	-	-
Accounts Payable	2,133,757	71,733	413,570	191,893
Intergovernmental Payable	-	-	-	21,097,519
Securities Lending Collateral	137,685,969	2,579,413	-	-
Amounts Held in Custody for Others	-	-	-	15,257,170
Compensated Absences Payable	59,319	-	-	-
Capital Leases Payable	42,190	-	-	-
Due to Other Funds	156,887	-	-	1
Total Liabilities	140,134,082	2,651,146	413,570	$ 36,546,583
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	2,354,333,332	-	-	
Other Employee Benefits	803,417	-	-	
External Investment Pool Participants	-	33,158,597	-	
Other Purposes	-	-	2,476,253	
Total Net Assets Held in Trust	$ 2,355,136,749	$ 33,158,597	$ 2,476,253	

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 51,373,424	$ -	$ -
Employee	53,767,156	-	-
From Participants	-	-	2,305,617
Transfers from Other Funds	239,939	-	-
Transfers from Other Plans	138,275	-	-
Donations	-	-	7,050
Total Contributions	105,518,794	-	2,312,667
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(261,649,761)	(3,416,883)	17,860
Interest and Dividends	71,070,114	1,250,759	9,377
Less Investment Expense	8,343,898	119,521	-
Net Investment Income	(198,923,545)	(2,285,645)	27,237
Securities Lending Activity:			
Securities Lending Income	3,617,432	75,743	-
Less Securities Lending Expense	3,144,937	67,441	-
Net Securities Lending Income	472,495	8,302	-
Repurchase Service Credit	1,135,635	-	-
Miscellaneous Income	431,533	-	-
Total Additions	(91,365,088)	(2,277,343)	2,339,904
DEDUCTIONS			
Benefits Paid to Participants	116,911,651	-	5,438
Refunds	5,999,269	-	1,537
Prefunded Credit Applied	3,759,567	-	-
Transfers to Other Plans	626,362	-	-
Administrative Expenses	2,580,242	-	-
Total Deductions	129,877,091	-	6,975
Change in Net Assets Held in Trust for:			
Pension Benefits	(221,325,566)	-	-
Other Employee Benefits	83,387	-	-
External Investment Pool Participants	-	(2,277,343)	-
Other Purposes	-	-	2,332,929
Net Assets--Beginning of Year	2,576,378,928	35,435,940	143,324
Net Assets--End of Year	$ 2,355,136,749	$ 33,158,597	$ 2,476,253

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Net Assets
Component Units - Proprietary Funds
June 30, 2002

	CHAND	Municipal Bond Bank	Non-Major	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 302,589	$ 1,677,000	$ 11,505,146	$ 13,484,735
Investments	-	-	2,935,504	2,935,504
Accounts Receivable - Net	37,973	-	356,933	394,906
Interest Receivable - Net	-	-	155,702	155,702
Due from Primary Government	-	-	124,014	124,014
Inventories	-	-	47,531	47,531
Loans and Notes Receivable - Net	-	-	2,287,188	2,287,188
Other Current Assets	-	-	31,545	31,545
Restricted Cash and Cash Equivalents	-	3,011,000	307,877	3,318,877
Restricted Investments	-	12,038,000	-	12,038,000
Restricted Interest Receivable-Net	-	2,870,000	-	2,870,000
Total Current Assets	340,562	19,596,000	17,751,440	37,688,002
Noncurrent Assets:				
Investments		-	2,237,165	2,237,165
Restricted Investments	-	248,429,000	-	248,429,000
Loans and Notes Receivable - Net	-	-	5,967,282	5,967,282
Unamortized Bond Issuance Costs	-	1,372,000	227,373	1,599,373
Capital Assets:				
Land and Construction in Progress	-	-	1,157,462	1,157,462
Infrastructure - Net	-	-	506,979	506,979
Buildings and Equipment -Net	-	-	11,263,823	11,263,823
Total Noncurrent Assets	-	249,801,000	21,360,084	271,161,084
Total Assets	340,562	269,397,000	39,111,524	308,849,086
LIABILITIES				
Current Liabilities:				
Accounts Payable	104,188	6,000	1,139,779	1,249,967
Interest Payable		1,919,000	86,861	2,005,861
Due to Primary Government	-	-	7,692	7,692
Claims/Judgments Payable	1,125,000	-	-	1,125,000
Compensated Absences Payable	-	-	119,935	119,935
Notes Payable			1,425,193	1,425,193
Bonds Payable	-	7,040,000	195,000	7,235,000
Deferred Revenue	117,308	-	400,963	518,271
Other Current Liabilities	-	-	51,000	51,000
Total Current Liabilities	1,346,496	8,965,000	3,426,423	13,737,919
Noncurrent Liabilities:				
Intergovernmental Payable	-	822,000	-	822,000
Notes Payable	-	8,485,000	1,458,763	9,943,763
Bonds Payable	-	137,190,000	6,305,000	143,495,000
Other Noncurrent Liabilities	-	-	366,215	366,215
Total Noncurrent Liabilities	-	146,497,000	8,129,978	154,626,978
Total Liabilities	1,346,496	155,462,000	11,556,401	168,364,897
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	-	-	3,127,093	3,127,093
Restricted for:				
Debt Service	-	38,737,000	-	38,737,000
Loan Purposes	-	73,527,000	-	73,527,000
Other	-	-	3,345,605	3,345,605
Unrestricted	(1,005,934)	1,671,000	21,082,425	21,747,491
Total Net Assets	$ (1,005,934)	$ 113,935,000	$ 27,555,123	$ 140,484,189

The Accompanying Notes are an Intergral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Activities
Component Units-Proprietary Funds
For the Fiscal Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
CHAND	$ 6,233,268	$ 3,581,799	$ 37,162	$ (2,614,307)
Municipal Bond Bank	10,278,000	561,000	31,006,000	21,289,000
Nonmajor Component Units	7,791,930	7,235,156	3,814,660	3,257,886
Total Component Units	$ 24,303,198	$ 11,377,955	$ 34,857,822	21,932,579
General Revenues:				
Payment from State of North Dakota				1,175,000
Total General Revenues				1,175,000
Change in Net Assets				23,107,579
Net Assets, Beginning of Year				117,376,610
Net Assets, Ending				$ 140,484,189

The Accompanying Notes are an Integral Part of the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary authority for the State's accounting and reporting requirements is the Office of Management and Budget. The Office of Management and Budget has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the State's accounting policies are as follows:

A. REPORTING ENTITY

For financial reporting purposes, the State of North Dakota has included all funds, organizations, agencies, boards and commissions that make up its legal entity. The State has also included all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by accounting principles generally accepted in the United States of America, these financial statements present the State of North Dakota (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

BLENDED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State and blended into the appropriate fund types.

- Building Authority (Debt Service Fund and Capital Projects Fund) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds and account groups of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2002, and their report dated August 16, 2002, has been previously issued under a separate cover.

- The North Dakota University System Foundation is considered a blended component unit. Although it is a legally separate non-profit 501(c)(3) organization from the North Dakota University System, the North Dakota University System Foundation is reported as if it were part of the primary government because its sole purpose is to support the North Dakota University System. The members of the State Board of Higher Education serve as the Board of Trustees for the North Dakota University System Foundation. The financial information of the Foundation is on the Higher Education computer network and, as such, is subject to audit by the North Dakota State Auditor's Office.

- The NDSU Research Foundation is considered a blended component unit. Although it is a legally separate, not-for-profit 501(c)(3) organization from the North Dakota University System, the NDSU Research Foundation is reported as if it were part of the primary government because its sole purpose is to provide support to NDSU in its missions by enabling NDSU faculty to enhance their involvement in research, technology transfer, and business endeavors. Through linkages with public and private businesses and industries, the Foundation facilitates the commercialization of research technologies developed by NDSU faculty and staff. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2002, and their report dated August 2, 2002, has been previously issued under a separate cover.

DISCRETELY PRESENTED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are financially accountable to the State. The component units' columns of government-wide financial statements include the financial data of these entities.

- Comprehensive Health Association (Proprietary Fund Type) - The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. The Association is governed by a board of eight members of which five are representatives of the State and is regulated by the State Insurance Department. The Association was audited by other

independent auditors for the calendar year ended December 31, 2001, and their report dated February 15, 2002, has been previously issued under a separate cover.

- Municipal Bond Bank (Proprietary Fund Type) - The Bond Bank was created by the Legislature as a separate agency of the State. The purpose of the Bond Bank is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Bond Bank has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2001, and their report dated February 7, 2002, has been previously issued under a separate cover.

- North Dakota Development Fund, Inc. (Proprietary Fund Type) - The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2002, and their report dated August 21, 2002, has been previously issued under a separate cover.

- The NDSU Research and Technology Park, Inc., is a nonprofit organization developed to promote an economic environment dedicated to applied research and technology discovery for the benefit of NDSU, its faculty and staff, students, and the citizens of North Dakota. Its facilities are located on the campus of NDSU in Fargo, North Dakota. The organization was established in 1999 and is exempt from federal and state income taxes as it is organized under Section 501(c)(3) of the Internal Revenue Code. The majority of the Park's board of directors (six of nine) consists of people who work in private industry. Vacancies are filled by a majority vote of the board. Officers of NDSU fill three of the nine positions on the Park's board. The president of NDSU serves as president of the board of directors. The status of the Park as a discretely presented component unit is primarily due to the control by the NDSU president over the final building plans for any new building at the Park. This control is based on feedback from the Legislative Budget Section and is required by the land lease between the State Board of Higher Education and the Park, as well as NDUS policy. The Park was audited by other independent auditors for the fiscal year ended June 30, 2002, and their report dated July 25, 2002, has been previously issued under separate cover.

- The UND Aerospace Foundation is a North Dakota nonprofit organization organized in 1985 to encourage and develop the University of North Dakota's John D. Odegard School of Aerospace Sciences. The Foundation's principal activities consist of developing and conducting training programs, research and development, and consulting services related to the aerospace industry. The Foundation is managed by a board of directors consisting of five to seven members, including two or more persons who are active in the aerospace industry and/or graduates of UND with an interest in the aerospace industry, elected by the board; a senior manager of the Foundation, elected by the board; the dean of the Odegard School of Aerospace Sciences; and the president of the University. The Foundation benefits the University, financially and otherwise, through its promotion of the Odegard School and its programs and in the sharing of resources. The Foundation is reported as a discretely presented component unit as UND has voting members on the board of directors and because of the extent of the financial relationship between the entities. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2002, and their report dated August 23, 2002, has been previously issued under separate cover.

- The UND Center for Innovation Foundation is a North Dakota nonprofit organization organized in 1991 to engage in all types of activities relating directly or indirectly to supplying educational data and services to entrepreneurs, manufacturers, and emerging industries and to encourage and develop the Center for Innovation as it relates to the overall objectives of UND. The Foundation is managed by a board of directors of at least five voting members elected by the board and four ex-officio non-voting members: UND's president, vice president for Finance and Operations, dean of the College of Business and Public Administration, and the director of the Center for Innovation. The Foundation benefits the University, financially and otherwise, through its promotion of the College of Business and Public Administration and its Center for Innovation. Previously the Foundation was reported as a blended component unit, as the University held the majority of voting members on the board of directors. Recent changes in the board have removed the need for blended component reporting. The foundation is reported as a discretely presented component unit in this reporting period as the

Foundation implements changes in governance while it continues to enhance the University. The financial information of the foundation is on the Higher Education computer network and as such is subject to audit by the North Dakota State Auditor's Office.

Complete financial statements for each of these individual component units may be obtained at the entity's administrative offices as follows:

Building Authority
600 E. Boulevard Ave., 10th Floor
Bismarck, ND 58505-0310

North Dakota University System Foundation
600 E. Boulevard Ave., Dept. 215
Bismarck, ND 58505-0230

North Dakota State University Research Foundation
P.O. Box 5014
Fargo, ND 58105-5014

Comprehensive Health Association
4510 13th Avenue SW
Fargo, ND 58108

Municipal Bond Bank
418 E. Broadway Ave., Suite 246
Bismarck, ND 58501

North Dakota Development Fund, Inc.
1833 E. Bismarck Expressway
Bismarck, ND 58504

North Dakota State University Research and Technology Park, Inc.
P.O. Box 5014
Fargo, ND 58105-5014

University of North Dakota Aerospace Foundation
P.O. Box 9023
Grand Forks, ND 58202-9023

University of North Dakota Center for Innovation Foundation
P.O. Box 8372
Grand Forks, ND 58202-8372

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The State follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. In accordance with Governmental Accounting Standards Board Statement 20, the State's enterprise funds, with the exception of the Bank of North Dakota, follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The Bank of North Dakota follows all applicable FASB pronouncements unless they conflict with the GASB pronouncements.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liablities of the current period.

Major revenues that are determined to be susceptible to accrual include interest, federal grants-in-aid, and taxpayer-assessed taxes such as income, sales, corporate, excise, motor fuel taxes and unemployment compensation contributions. All revenues are determined to be available if collected within one year of fiscal year end. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Sales and use taxes are accrued based upon filings received and an estimate of filings due by June 30. Net income taxes from individuals and corporations are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate income. The revenue is accrued net of an allowance for uncollectible taxes. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

The General Fund is the principal operating fund of the State. It is used to account for all financial resources that are not accounted for in other funds. Included are transactions for services such as education, general government, health services, legal and judiciary, natural resources, public safety, regulatory services, agriculture and commerce, and social services.

The Federal Fund accounts for all the financial resources from the federal government.

The School Permanent Trust Fund accounts for moneys belonging to common schools and other public institutions derived from the sale of, or leasing of lands owned by the State.

The State reports the following major enterprise funds:

The Bank of North Dakota Fund finances economic development throughout the state, participates in loans with North Dakota financial institutions and holds interest-bearing deposit accounts for state and political subdivisions of North Dakota.

The Housing Finance Agency Fund is authorized to issue bonds to make loans to mortgage lenders for qualified residential mortgage loans and to make mortgage and construction loans for multi-family housing within the State of North Dakota.

The University System Fund accounts for all financial transactions of the colleges and universities that compose the University System of North Dakota.

The Workers Compensation Fund is financed entirely by premiums assessed to the employers of North Dakota and provides no-fault medical and disability insurance to all North Dakota employees.

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. Examples include transportation, regulatory, and other activities.

Debt Service Funds account for resources obtained and used for the payment of interest and principal on revenue bonds that are funded primarily through taxes.

Capital Projects Funds account for resources obtained and used for the acquisition, construction or improvement of certain capital facilities (except those financed by non-governmental funds). Such resources are derived principally from proceeds of revenue bonds.

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry, such as the common schools within the state.

PROPRIETARY FUND TYPES

Enterprise Funds account for those business-like State activities that provide goods/services to the public, financed primarily through user charges. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The State's loan programs, Mill and Elevator, and Fair are reported in this type.

Internal Service Funds account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services include motor pool services; printing, reproduction and mailing services; information technology; risk management; and investment administration services. In the government-wide statements, internal service funds are included with governmental activities.

FIDUCIARY FUND TYPES

Pension and Other Employee Benefits Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plan, deferred compensation plan, flexcomp plan, and other post-employment benefit plans.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck and ND Association of Counties RIO Investments). The State Investment Board (SIB) provides administrative services for the external pool participants. SIB issues a publicly-available financial report that may be obtained by writing to the Retirement and Investment Office, 1930 Burnt Boat Drive, Bismarck, North Dakota 58503. Investment Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include student donations and the State's college savings plan.

Agency Funds account for assets held by the State as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations.

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

The State operates through a biennial appropriation that represents departmental appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The Legislative Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. The governor has line item veto powers over all appropriations subject to legislative override.

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action. The Emergency Commission can authorize receipt of federal or other moneys not appropriated by the Assembly if the Assembly did not indicate intent to reject the money. The Emergency Commission may authorize pass-through federal funds from one state agency to another. The Emergency Commission may authorize the transfer of expenditure authority between appropriated line items. The Legislature has also passed appropriation laws that authorize directors of certain state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC) section 54-44.1-11 and the University System's unexpended general fund appropriation authority.

The State's biennial budget is prepared primarily on a cash basis. The State does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation, funding source and expenditure line item level, with administrative controls established at lower levels of detail in certain instances. The State does not formally budget revenues, and it does not budget by fund. The State appropriation is defined through the use of specific expenditure line items. Capital appropriations are generally made at the agency and project level.

North Dakota's Appropriation Act does not present budgets by GAAP fund. Instead, it authorizes General Fund appropriation authority by agency and Other Budgeted Income appropriation authority by agency. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

During 2002, the first year of the 2001-2003 biennium, there were general fund supplemental appropriations of $7,871,198.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for reporting purposes includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are presented on the fund balance sheets as "Cash Deposits At The Bank Of North Dakota" and "Cash And Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Cash Deposits At The Bank Of North Dakota. State agency cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota, an enterprise fund. These cash balances, in addition to other agency cash deposited at the Bank of North Dakota, are included on the fund balance sheets as "Cash Deposits At The Bank Of North Dakota". For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

Cash And Cash Equivalents. All cash and cash equivalents, (other than cash deposits at the Bank of North Dakota), as permitted by the North Dakota Century Code, are included on the Government-wide Statement of Net Assets as "Cash And Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 2002.

All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds.

F. INVESTMENTS

All funds of the State record their investments in accordance with Government Accounting Standards Board (GASB) Statement No. 31, *"Accounting and Financial Reporting for Certain Investments."* Investments are recorded at fair value determined by reference to published market data for publicly-traded securities and through the use of independent valuation services and appraisals for other investments. The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Unrealized increases or decreases are computed based on changes in the fair value of investments between years. Security transactions are currently accounted for on a trade date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. Equity investments of the North Dakota Development Fund, Inc. (component unit of the State) are stated at estimated value in absence of a readily ascertainable market value. The Fund's Board of Directors estimates these values. Among the factors considered by the Fund's Directors in determining the fair value of investments, are the cost of the investment, developments since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Fund's Directors, in making their evaluation, have relied on financial data of the investee and, in many instances, on estimates of the investee as to the potential effect of future developments. Total equity investments in the North Dakota Development Fund, Inc. are valued at $1,650,749 at June 30, 2002. All investments are maintained separately by fund.

Purchases of other state funds' debt issues by the Bank of North Dakota have been recorded as normal business transactions if they are the result of arms-length transactions.

Investments are presented on the fund balance sheets as "Investments At The Bank Of North Dakota" and "Investments" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Investments At The Bank Of North Dakota. State agency investments, primarily certificates of deposits of the Bank of North Dakota, are included on the fund balance sheets as "Investments At The Bank Of North Dakota." For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

Investments. State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Government-wide Statement of Net Assets as "Investments."

Differences on the Fund Balance Sheets between the assets, "Cash At The Bank Of North Dakota" and "Investments At The Bank Of North Dakota," and the liability, "Deposits Held For Other Funds," is attributable to timing differences resulting from the Bank of North Dakota having a different fiscal year end than many of the other state agencies.

G. SECURITIES LENDING

GASB Statement No. 28, *"Accounting and Financial Reporting for Securities Lending Transactions,"*

establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets. Cash received as collateral and investments made with that cash must also be reported as assets. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

Securities are loaned versus collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102 percent of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105 percent of the market value of the securities plus any accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or borrower. The average term of overall loans is ninety-four days; however, the average term of loans for the Land Department is sixty-three days.

Cash open collateral is invested in a short term investment pool, the Core USA Collateral Section, which had an average weighted maturity of thirty days as of this statement date. Cash collateral may also be invested separately in *"term loans,"* in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower.

There were no significant violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust (custodian of investments) has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. Northern Trust indemnifies the State if the borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay income distributions on them.

For securities loaned at year end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State.

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. Residual transfer amounts exist in the Government-wide Statement of Activities due to different fiscal year ends of various agencies included in business-type activities.

INTERFUND BALANCES

Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

I. INVENTORIES

Inventories of Governmental Funds are valued at cost and are recognized principally using the average cost method. Generally, the cost of Governmental Funds' inventories is recorded as an expenditure when consumed rather than when purchased.

Inventories of Proprietary Funds consist primarily of grain inventories from the North Dakota Mill and Elevator Association. Grain inventories are valued at the June 30 Minneapolis grain market values less freight costs to Minneapolis. Grain committed to production is valued at cost, and grain committed to sale is valued at net commitment price. Flour, feed and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Proprietary Funds expense the cost of consumable supplies when used.

Generally, inventories of University System Funds are valued at the lower of cost or fair market value. Cost is generally determined on the first in/first out, or moving weighted average method.

Federal fund inventories of commodities and vaccines totaling $2,786,617 are recorded as inventory and deferred revenue on the Government-wide Statement of Net Assets.

The Department of Human Services has approximately $3.1 million in food stamp inventory which is included in the Federal Fund Inventory.

All other government fund inventories are reflected as a reservation of fund balance on the balance sheet.

J. UNAMORTIZED BOND ISSUANCE COSTS

In governmental fund types, issuance costs are recognized in the operating statements when incurred. Bond premiums, discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. The unamortized discount is shown on the balance sheet as a reduction of the bonds payable, and the amortization is included in the statement of revenues, expenses and changes in fund balance as interest expense.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, construction in progress and infrastructure assets, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as capital assets except for the University System.

All other capital assets with an original cost of $5,000 ($100,000 or more for infrastructure reported by the Department of Transportation) or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. In business-type activities, interest costs (if material) on self-constructed assets are also included in the cost. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Collections of works of art and historical treasures are not capitalized if the following three criteria are met: (1) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) Protected, kept unencumbered, cared for, and preserved; (3) Subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized and included in the government-wide financial statements.

Infrastructure consists of major state-wide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Department of Transportation uses the first-in first-out method to remove the capitalized cost of a replaced road along with corresponding accumulated depreciation.

Fixed assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Land and construction in progress are not depreciated. With the exception of infrastructure reported by the Department of Transportation (which uses the composite method), other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-50
Infrastructure	10-50
Furniture and Furnishings	3-10
Office Equipment	3-10
Automobiles	3-5
Heavy Equipment	6-20
Other Equipment	3-15

L. LEASE COMMITMENTS

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to FASB 13. Many of these leases have fiscal funding clauses; however, these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the general purpose financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

M. FEDERAL FUNDS PURCHASED

Federal Funds Purchased represent federal funds borrowed by the Bank of North Dakota from member banks generally on an overnight basis at the federal funds rate.

N. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments Payable are primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters.

O. COMPENSATED ABSENCES

ANNUAL LEAVE

State employees accrue vested annual leave at a variable rate based on years of service. Teachers employed by the State do not receive annual leave. In general, accrued annual leave cannot exceed 30 days at each year end, as set by the agency. The amount of annual leave earned ranges between one and two days per month, and is fixed by the employing unit per section 54-06-14 of the NDCC.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. The government-wide financial statements present the cost of accumulated annual leave as a liability. Proprietary and Fiduciary Funds recognize the expense and accrued liability when the annual leave is earned.

SICK LEAVE

The North Dakota Century Code, section 54-06-14, states employees accrue sick leave at the rate of one to a maximum of one and one-half working days per month of employment without limitation on the amount that can be accumulated. Employees vest at ten years of creditable service, at which time the State is liable for ten percent of the employee's accumulated unused sick leave. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the cost of the vested sick leave as a liability.

P. DEPOSITS

The following two liability line items are presented in the Government-wide Statement of Net Assets and/or fund financial statements:

Deposits Held For Other Funds. "Deposits Held For Other Funds" are those deposits held by the Bank of North Dakota for other funds included in the reporting entity and shown on the fund financial statements. For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

Other Deposits. "Other Deposits" are those deposits held by the Bank of North Dakota for non-reporting entity third parties. It also includes deposits held for students of the University System.

Differences on the fund balance sheets between the liability "Deposits Held For Other Funds" and the assets "Cash Deposits And Investments At The Bank Of North Dakota" are attributable to timing differences resulting from the Bank of North Dakota having a different accounting year end than many other state agencies.

Q. DEFERRED REVENUE

In the government-wide statements and proprietary fund financial statements, deferred revenue is recognized when cash, receivables, or other assets are received prior to their being earned. In the governmental fund statements, deferred revenue is recognized when revenue is unearned or unavailable.

R. REVENUES AND EXPENDITURES/EXPENSES

In the Government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g. general government, education, health and human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either “general purpose” or “restricted”. General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g. federal grants), available only for specified purposes. Unused restricted revenues at year-end are recorded as reservations of fund balance. When both general purpose and restricted funds are available for use, it is the State’s policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: “Current,” “Intergovernmental-revenue Sharing,” “Capital Outlay,” or “Debt Service.” Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services.

Capital outlay includes expenditures for real property or infrastructure (e.g. highways). Intergovernmental-revenue sharing accounts for the distribution of certain tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds and payments on capitalized leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. salaries, depreciation, and purchases for resale). Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenues for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would otherwise not undertake. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

S. NET ASSETS/FUND BALANCE

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

T. CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and Statement No. 37, an omnibus to No. 34, are effective for years beginning after June 15, 2001. The requirements of these statements establish significant changes to the financial reporting model used by the State, including statement formats along with fund types and account groups. In addition to fund financial statements, governments are required to report government-wide financial statements, prepared using the accrual basis of accounting and the economic resources measurement focus. As a result, fund reclassifications and adjustments to beginning fund equities were required.

GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities", is also effective for years beginning after June 15, 2001, and establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of Statement No. 34. The State universities adopted the requirements of Statement No. 35, and are included in the primary government as an enterprise fund.

GASB Statement No. 38, "Certain Financial Statement Note Disclosures", requires certain note disclosures when Statement No. 34 is implemented.

Effective July 1, 2001, the State revised its revenue recognition policy to classify all revenues as available if they are collected within one year of the fiscal year end. Previously the period of availability extended to thirty days after fiscal year end. However, for federal reimbursement revenue, the period of availability of one year was changed the previous fiscal year.

NOTE 2 – RESTATEMENTS

Pursuant to the provisions of the new standards and change in accounting principle discussed previously, the following changes to beginning fund equity, as previously reported, are summarized in the following table (expressed in thousands):

	General	Federal	School Permanent Trust Fund	Nonmajor Governmental Funds	University System
June 30, 2001, fund balances/net assets, as previously reported	$ 106,476	$ 2,043	$ -	$ 444,880	$ 992,029
Prior period adjustments:					
Changes in accounting principles:					
Reclassification of funds	-	24,909	580,554	(25,461)	(3,568)
Adoption of depreciation for capital assets	-	-	-	-	(407,189)
Capitalization of infrastructure assets	-	-	-	-	19,301
Revenue recognition	50,422	3,049	-	25,394	(2,497)
Correction of errors	2,150	2,134	-	4,024	-
June 30, 2001, fund balances/net assets, as restated	$ 159,048	$ 32,135	$ 580,554	$ 448,837	$ 598,076

	Nonmajor Enterprise	Internal Service	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Nonmajor Component Units
June 30, 2001, fund balances/net assets, as previously reported	$ 194,565	$ 46,798	$ 2,567,811	$ -	$ 20,252
Prior period adjustments:					
Changes in accounting principles:					
Reclassification of funds	32,910	-	8,568	143	2,870
Revenue recognition	-	-	-	-	-
Correction of errors	(2,228)	2,281	-	-	-
June 30, 2001, fund balances/net assets, as restated	$ 225,247	$ 49,079	$ 2,576,379	$ 143	$ 23,122

CORRECTION OF ERRORS

The beginning fund balance of the general fund was restated by $2,150,043 to properly reflect unemployment insurance fees collected to pay unemployment claims. These were previously reported in an agency fund.

The beginning fund balance of the federal fund was restated by $2,133,600. The amount was previously reported as deferred revenue and should have been recognized as revenue.

The beginning fund balance of the Cultural and Natural Resources special revenue fund was restated by $4,024,110 for a loan receivable that had not previously been reported.

Beginning net assets of the Fire and Tornado enterprise fund was restated by $2,228,183. Previous years' claims and judgments payable was understated.

Beginning net assets of the Risk Management internal service fund was restated by $2,280,872 for a change in calculating incurred but not reported claims for the previous year.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 provides that public funds belonging to or in the custody of the State shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "[a]ll state funds . . . must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions.

The following summary presents the amount of the State's deposits which are fully insured or collateralized with securities held by the State or by its agent in the State's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name (Category 2) and those deposits which are not collateralized or are collateralized by the pledging financial institution trust or agent, but not in the State's name (Category 3) at June 30, 2002. Funds deposited at the Bank of North Dakota are not credit risked since the Bank is part of the State's reporting entity. The amounts are expressed in thousands:

Primary Government:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	$ 30,012	$ 170	$ 397,505	$ 427,687	$ 584,017
Certificates Of Deposit					
Recorded As Investments	3,553	-	-	3,553	3,455
Total	$ 33,565	$ 170	$ 397,505	$ 431,240	$ 587,472

Component Units:

	Category 1	2	3	Total Bank Balance	Carrying Amount
Cash Deposits	$ 604	$ -	$ 645	$ 1,249	$ 1,180
Certificates Of Deposit Recorded As Investments	-	-	12,657	12,657	12,657
Total	$ 604	$ -	$ 13,302	$ 13,906	$ 13,837

Included in the internal receivable amount in the governmental activities column in the Statement of Net Assets is $408,047,336 of Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes $326,873,022 of deposits the Bank has for governmental activities. Because the Bank has a different fiscal year end, these internal balances do not equal.

B. INVESTMENTS

The investment policies of the State of North Dakota are governed by NDCC 6-09-07, 15-10-12, and 21-04-02, indicating that all public funds must be deposited in the Bank of North Dakota unless there are other constitutional or statutory provisions. If there are no statutory provisions and the funds are invested outside the Bank of North Dakota, the state agency must have the permission of the North Dakota Industrial Commission.

Investments are generally managed by the State Investment Board, the North Dakota Board of University and School Lands, the Bank of North Dakota, and the North Dakota State Treasurer's Office. Management responsibilities and investment instruments as authorized by statute are as follows:

1. State Investment Board (SIB) – NDCC 21-10 designates the SIB with investment responsibilities for the Public Employees' Retirement System, Bonding Fund, Teachers' Fund for Retirement, Fire and Tornado Fund, Workers Compensation Fund, and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing funds under its supervision.

   The State Investment Board's investment policy allows investment managers to use derivative securities. Managers are specifically permitted to use treasury futures and options, S&P 500 index future options, and currency forwards and futures to hedge portfolio risk, but not to speculate or to leverage the portfolio. Managers may use their discretion to use other derivatives to enhance returns, reduce risk, or facilitate the management of index funds. SIB's policy with respect to these derivatives is that their use may not increase the credit, market, or legal risk level associated with a fully invested portfolio of common stocks or fixed income obligations, depending on the manager's designated role.

2. North Dakota Board of University and Schools Lands – The Century Code states that the Board of University and School Lands shall apply the prudent investor rule in investing its funds. Also, NDCC 15-03-04 allows the Board to invest in first mortgages on farmlands and improvements thereon in this state to the extent such mortgages are guaranteed or insured by the United States or any instrumentality thereof, or if not so guaranteed or insured, not exceeding in amount 80 percent of the actual value of the property on which the same may be loaned, such value to be determined by competent appraisal.

3. The Bank of North Dakota – NDCC 6-09 authorizes the Bank of North Dakota. The Bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The Bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC 6-09.

4. The North Dakota State Treasurer's Office – The North Dakota Constitution and various sections of the Century Code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.

5. University System – NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Investments governed by a gift instrument are covered under NDCC 15-67-04. Subject to any limitations in the gift instrument, such funds may be invested in any real or personal property deemed advisable by the governing board.

The State's investments are categorized below per GASB Statement Three according to the level of credit risk assumed by the State. Category 1 includes investments which are insured, or registered, or securities which are held by the State or the State's agent in the State's name. Category 2 includes uninsured and unregistered investments, with securities which are held by the counterparty, or their trust department or agent, but not in the State's name. Category 3 includes uninsured and unregistered investments, with securities which are held by the counterparty, or their trust department or agent but not in the State's name. The amounts are expressed in thousands:

Primary Government:	Category 1	Category 2	Category 3	Fair Value
Commercial Paper	$ 159,856	$ -	$ -	$ 159,856
Equity Securities				
Not On Securities Loan	800,527	-	8,714	809,241
On Securities Loan	2,163	-	-	2,163
Bonds And Notes				
Not On Securities Loan	895,664	-	11,310	906,974
On Securities Loan	5,126	-	-	5,126
U.S. Government & Agency Issues				
Not On Securities Loan	409,490	-	-	409,490
On Securities Loan	56,818	-	-	56,818
	$ 2,329,644	$ -	$ 20,024	2,349,668
Investments In Real Estate Pool				172,424
Investments In Unemployment Compensation Pool				36,850
Guaranteed Investment Contract				62,454
Annuities				251
Mutual Funds				1,305,489
Private Equity				72,408
Non-Security Investments				2,000
Held By Brokers/Dealers				5,213
Investments Held By Broker-Dealer Under Securities Loans With Cash Collateral:				
Equity Securities				99,930
Bonds And Notes				95,681
U.S. Government & Agency Issues				92,930
Securities Lending Short-Term Collateral Investment Pool				298,131
Totals				$ 4,593,429

Component Units:	Category 1	Category 2	Category 3	Fair Value
Equity Securities	$ -	$ -	$ 3,522	$ 3,522
U.S. Government & Agency Issues	124	-	-	124
Obligations Of State And Political Subdivisions	548	-	-	548
	$ 672	$ -	$ 3,522	4,194
Guaranteed Investment Contract				75,695
Non-Security Investments				151,564
Totals				$ 231,453

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 2002.

C. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2002, the State had reverse repurchase agreements of $23,390,000 included in securities lending collateral on the statement of net assets. The highest month end balance for the previous year was $32,750,000 with an average daily balance of $19,495,000. The weighted average interest rate as of year end was 1.50 percent. The weighted average interest rate paid during the year was 4.39 percent. The fair value of these securities at June 30, 2002, was $23,390,000.

D. RECEIVABLES

Receivables at June 30, 2002, consist of the following (expressed in thousands):

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Bank of North Dakota	Housing Finance	University System	Workers Compensation
Receivables:								
Accounts	$ 742	$ 4,599	$ -	$ 14,342	$ -	$ 459	$ 14,551	$ 23,339
Less Allowance	(346)	-	-	(2,039)	-	-	(847)	(3,400)
Taxes	134,477	-	175	47,066	-	-	-	-
Less Allowance	(6,547)	-	-	(1,956)	-	-	-	-
Interest	15	-	5,353	1,412	20,425	3,769	152	8,085
Less Allowance	-	-	-	(148)	-	-	-	-
Current Loans and Notes	-	-	-	-	-	11,804	5,465	-
Less Allowance	-	-	-	-	-	-	-	-
Noncurrent Loans and Notes	98	-	46,318	66,020	1,250,978	612,146	39,269	-
Less Allowance	(13)	-	-	(4,490)	(23,958)	-	(3,447)	-
Net Receivables	$ 128,426	$ 4,599	$ 51,846	$ 120,207	$ 1,247,445	$628,178	$ 55,143	$ 28,024

	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Component Units: CHAND	Component Units: Municipal Bond Bank	Component Units: Non-Major Component Units	Total
Receivables (continued):							
Accounts	$ 31,718	$ 49	$ 6,556	$ 38	$ -	$ 357	$ 96,750
Less Allowance	(4,050)	-	-	-	-	-	(10,682)
Taxes	-	-	10,635	-	-	-	192,353
Less Allowance	-	-	(424)	-	-	-	(8,927)
Interest	2,393	50	7,859	-	2,870	156	52,539
Less Allowance	-	-	-	-	-	-	(148)
Current Loans and Notes	18,700	-	-	-	-	2,287	38,256
Less Allowance	-	-	-	-	-	-	-
Noncurrent Loans and Notes	96,508	-	-	-	-	12,510	2,123,847
Less Allowance	(2,259)	-	-	-	-	(6,543)	(40,710)
Net Receivables	$ 143,010	$ 99	$ 24,626	$ 38	$ 2,870	$ 8,767	$ 2,443,278

E. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2002 consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	$ 18,196
Student Loan Trust	9,000
All Others	7,299
Total Due To General Fund	$ 34,495
Due To Federal Fund From:	
Nonmajor Governmental Funds	$ 5,675
Due To Internal Service Funds From:	
General Fund	$ 1,547
Federal Fund	855
University System	707
All Others	1,773
Total Due To Internal Service Funds	$ 4,882
Due To School Permanent Trust Fund From:	
Developmentally Disabled Fund	$ 4,600
All Others	1,571
Total Due To School Permanent Trust Fund	$ 6,171

Of the $4,600,000 from Developmentally Disabled Fund $4,056,474 is an advance from the Land Department and is not expected to be repaid within one year.

Due To Nonmajor Governmental Funds From:	
Federal Fund	$ 22,139
Internal Service Funds	3,019
All Others	3,255
Total Due To Nonmajor Governmental Funds	$ 28,413
Due To Bank Of North Dakota From:	
General Fund	$ 2,680
Mill & Elevator	5,492
University System	11,382
Housing Finance	1,973
All Others	1,355
Total Due To Bank Of North Dakota	$ 22,882

The $11,382,000 from the University System and $2,139,000 from the Mill and Elevator are the result of loans made by the bank. These amounts are not expected to be repaid within one year.

Due To University System From:	
General Fund	$ 3,560
Federal Fund	1,742
Building Authority	6,038
All Others	683
Total Due To University System	$ 12,023
Due To All Other Funds From	
All Other Funds	$ 1,420

Included in this category are all other enterprise funds, component units, and fiduciary funds.

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2002.

In addition, the total Internal Receivables and Internal Payables on the Government-wide Statement of Net Assets does not equal due to activity occurring between funds that have different fiscal year ends.

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2002, follows (expressed in thousands):

	Transfers In						
	General	Federal	Non-major Governmental	University System	Non-major Enterprise	Internal Service	Total
Transfers Out							
General	$ -	$ 164	$ 7,885	$ 204,020	$ 893	$ 450	$ 213,412
Federal	-	-	34,829	-	-	-	34,829
School Permanent Trust Fund	-	-	29,839	1,677	-	-	31,516
Non-major Governmental	3,309	187	11,522	8,141	-	-	23,159
Bank of North Dakota	15,456	-	85	-	-	-	15,541
Housing Finance	-	-	24	-	-	-	24
University System	-	-	4,277	-	-	-	4,277
Workers Compensation	-	-	-	-	-	150	150
Non-major Enterprise	9,000	-	1,168	-	-	-	10,168
Total	$ 27,765	$ 351	$ 89,629	$ 213,838	$ 893	$ 600	$ 333,076

(Transfers In do not agree to the statements due to the timing differences noted below.)

Transfers are used for the following purposes:

- Move general fund appropriation amounts to certain agencies.
- Move revenues from the fund that statute requires to collect them to the fund authorized to spend them.
- Move certain excess revenues collected in other funds to the general fund.
- Move receipts restricted for debt service from the funds collected to the debt service funds as payments become due, and move capital project funds paying the construction costs.

For the year ended June 30, 2002, transfers of excess profits of $30 million and $9 million were made from the Bank of North Dakota and North Dakota Student Loan Trust, respectively, to the General Fund.

A reconciliation of Transfers In and Transfers Out is presented below (expressed in thousands):

Transfers In		$ 351,153
Differences:		
General Fund/Bank Of ND	(14,613)	
Industrial Commission/ Bank Of ND	15	
Human Services/Developmentally Disabled Loan Fund	1,140	
Land & Minerals Trust/Developmentally Disabled Loan Fund	(907)	
Guaranteed Student Loan/Student Loan Trust	(3,200)	
Beginning Farmer/General Fund	(500)	
Bank of ND/Industrial Commission	(12)	
Total Differences		(18,077)
Transfers Out		$ 333,076

The above timing differences of $18,076,851 result from transactions between agencies that have different fiscal year ends. This difference is also the total net transfers on the Government-wide Statement of Activities.

F. CAPITAL ASSETS

PRIMARY GOVERNMENT:

The following is a summary of capital assets during the fiscal year (expressed in thousands):

Description	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 39,543	$ 438	$ (7)	$ 39,974
Construction in Progress	10,926	109,369	(9,087)	111,208
Total Capital Assets Not Being Depreciated	50,469	109,807	(9,094)	151,182
Capital Assets Being Depreciated:				
Buildings and Improvements	321,888	6,472	(1,149)	327,211
Equipment	169,421	19,050	(10,944)	177,527
Infrastructure	2,779,650	29,908	(187)	2,809,371
Total Capital Assets Being Depreciated	3,270,959	55,430	(12,280)	3,314,109
Less Accumulated Depreciation for:				
Buildings and Improvements	(125,925)	(7,693)	852	(132,766)
Equipment	(85,204)	(14,644)	7,706	(92,142)
Infrastructure	(1,934,864)	(122,085)	127	(2,056,822)
Total Accumulated Deprecation	(2,145,993)	(144,422)	8,685	(2,281,730)
Total Capital Assets Being Depreciated, Net	1,124,966	(88,992)	(3,595)	1,032,379
Governmental Activities Capital Assets, Net	$ 1,175,435	$ 20,815	$ (12,689)	$ 1,183,561
Business-Type Activities:				
Capital Assets not being depreciated				
Land	$ 15,311	$ 539	$ -	$ 15,850
Construction in Progress	35,108	19,152	(36,025)	18,235
Total Capital Assets Not Being Depreciated	50,419	19,691	(36,025)	34,085
Capital Assets Being Depreciated:				
Buildings and Improvements	590,969	16,741	(9,623)	598,087
Equipment	261,936	21,710	(6,373)	277,273
Infrastructure	121,844	5,788	(597)	127,035
Total Capital Assets Being Depreciated	974,749	44,239	(16,593)	1,002,395
Less Accumulated Depreciation for:				
Buildings and Improvements	(258,566)	(13,859)	3,842	(268,583)
Equipment	(143,638)	(18,227)	5,219	(156,646)
Infrastructure	(47,425)	(3,762)	146	(51,041)
Total Accumulated Deprecation	(449,629)	(35,848)	9,207	(476,270)
Total Capital Assets Being Depreciated, Net	525,120	8,391	(7,386)	526,125
Business-Type Activities Capital Assets, Net	$ 575,539	$ 28,082	$ (43,411)	$ 560,210

Description	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Component Units:				
Capital Assets Not Being Depreciated				
Land	$ 891	$ 24	$ -	$ 915
Construction in Progress	952	242	(952)	242
Total Capital Assets Not Being Depreciated	1,843	266	(952)	1,157
Capital Assets Being Depreciated:				
Buildings and Improvements	-	6,151	-	6,151
Equipment	3,864	2,298	(170)	5,992
Infrastructure	107	468	-	575
Total Capital Assets Being Depreciated	3,971	8,917	(170)	12,718
Less Accumulated Depreciation for:				
Buildings and Improvements	-	(31)	-	(31)
Equipment	(618)	(259)	29	(848)
Infrastructure	(56)	(12)	-	(68)
Total Accumulated Deprecation	(674)	(302)	29	(947)
Total Capital Assets Being Depreciated, Net	3,297	8,615	(141)	11,771
Business-Type Activities Capital Assets, Net	$ 5,140	$ 8,881	$ (1,093)	$ 12,928

Depreciation expense was charged to functions/programs of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	$ 1,201
Education	319
Health and Human Services	5,706
Regulatory	130
Public Safety	4,447
Agriculture and Economic Development	126
Natural Resources	3,206
Highway	121,115
Total Governmental Activities Depreciation Expense	$ 136,250

Construction In Progress is composed of the following (expressed in thousands):

Project Description:

Governmental Activities	Amount Authorized	Amount Expended Through June 30, 2002	Balance Authorized
OMB	$ 56	$ 14	$ 42
Human Services	346	204	142
Adjutant General	12,021	8,886	3,135
Historical Society	2,070	189	1,881
Department of Transportation	138,317	101,010	37,307
Job Service North Dakota	2,310	905	1,405
Total Governmental Activities	$ 155,120	$ 111,208	$ 43,912

Business-Type Activities	Amount Authorized	Amount Expended Through June 30, 2002	Balance Authorized
Mill and Elevator	$ 140	$ 44	$ 96
Workers Compensation	10,912	3,246	7,666
University System	31,052	14,945	16,107
Total Business-Type Activities	$ 42,104	$ 18,235	$ 23,869

Component Units	Amount Authorized	Amount Expended Through June 30, 2002	Balance Authorized
NDSU Research & Technology Park, Inc.	$ 242	$ 242	$ 0

G. OPERATING LEASES

PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2002, amounted to $8,531,359 for governmental activities and $7,389,673 for business-type activities.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2002, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2003	$ 6,180	$ 4,930
2004	1,119	2,993
2005	678	2,026
2006	332	995
2007	249	387
2008-2012	494	147
2013-2017	173	14
Total Minimum Lease Payments	$ 9,225	$ 11,492

H. CAPITAL LEASES

The State is obligated under certain leases accounted for as capital leases. In the government-wide and proprietary fund statements, capital assets and a corresponding liability are recorded at the inception of the lease. The liability is reduced by payments of principal, with a portion of the payment allocated to interest expense. For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures.

The schedule on the next page lists the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2002 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Fiduciary Funds
2003	$ 885	$ 7,292	$ 19
2004	572	5,586	19
2005	17	4,642	5
2006	14	4,138	1
2007	5	2,626	1
2008-2012	-	8,658	-
2013-2017	-	2,656	-
2018-2022	-	2,642	-
Total Minimum Lease Payments	1,493	38,240	45
Less: Amount Representing Interest	(90)	(7,899)	(3)
Present Value of Future Minimum Lease Payments	$ 1,403	$ 30,341	$ 42

The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide statement of net assets at June 30, 2002, is as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities
Infrastructure	$ -	$ 1,100
Buildings	-	6,850
Equipment	4,936	35,424
Less: Accumulated Depreciation	(1,205)	(6,493)
Total	$ 3,731	$ 36,881

I. LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. The Constitution of North Dakota provides that the State may issue or guarantee the payment of bonds, provided that all bonds in excess of $2 million are: (1) secured by first mortgage upon property and no further indebtedness may be incurred by the State unless evidenced by a bond issue; (2) authorized by law; (3) for a certain purpose; (4) provisioned to pay the interest semiannually; and (5) the principal is paid within 30 years. Additionally, the law authorizing the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond.

BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2002, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

1. REVENUE BONDS

Current state statutes empower certain state agencies to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on such bonds shall be payable only from the applicable agency's program income.

Primary Government

Building Authority

The 1993 Series B Bonds have interest payable semiannually on February 15 and August 15 of each year. The 1993 Series A Bonds, the 1995 Series A Bonds, the 1998 Series A, B, and C Bonds, the 2000 Series A Bonds, the 2001 Series A Bonds, and the 2002 Series A and B Bonds have interest payable semiannually on June 1 and December 1 of each year. The bonds of each series are subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease.

All the bond agreements require the establishment and maintenance of reserve funds to be used for debt service payments if amounts in the bond funds are insufficient to make payments. Reserve funds are also required for any positive arbitrage due to the federal government.

Lignite Research

The Industrial Commission is authorized by NDCC 54-17.5 (the "Act") to provide funds and financial assistance to qualified persons for projects related to the clean use of lignite in order to insure economic growth, maintain and enhance development of North Dakota lignite and general welfare in North Dakota. The Industrial Commission is authorized and has established a program to issue and sell North Dakota Lignite Research Bonds to provide funds for the purpose stated in the Act. As of June 30, 2002, there were $16 million of authorized and $8,825,000 issued through the Lignite Research Fund. The Commission's intention is not to issue any bonds in the future.

The 1995 Series A Bonds have interest payable on May 15 and November 15 of each year. The bonds maturing on November 15, 2005, are subject to mandatory redemption equal to 100% of par plus accrued interest at various amounts in 2004 and 2005. The bonds are also subject to extraordinary redemption upon the occurrence of certain events. Proceeds of the bonds are being used to provide a grant for funding of construction of an anhydrous ammonia plant.

Water Commission

The Water Commission is authorized by Senate Bill No. 2188 to issue bonds to finance various flood control and pipeline projects throughout the state of North Dakota. Authorized and unissued bonds totaled $79,155,800 at June 30, 2002. Water development projects that will benefit from the financing are as follows:

Water Development Trust Fund	$ 77,300,000
Southwest Pipeline Project	1,855,800

Interest is payable semiannually on January 1 and July 1 of each year for the Series 1997 A and Series 2000 A Term Bonds, March 1 and September 1 of each year for the Series 1998 A Bonds, and February 1 and August 1 for the Series 2000 A Serial Bonds. Interest is payable annually on July 1 of each year for all other series bonds. The bonds of each series are subject to optional and/or extraordinary optional redemption prior to maturity at the option of the Water Commission or the occurrence of certain events. All redemption prices are at par plus accrued interest.

State Fair

On March 15, 1994, the North Dakota State Fair issued $3,320,000 Refunding Revenue Bonds Series 1994 for the purpose of refinancing the 1991 bond issue. These bonds have interest payable semiannually with principal payments due each September 1 in each of the years 1998 through 2011.

Student Loan Trust

The 1988 Series B Bonds are zero coupon bonds with interest accruing monthly and the face value payable at maturity. These bonds were issued to retire the 1985 Series A Bonds.

The Series C Bonds are zero coupon bonds with interest accruing monthly and the face value payable at maturity. These bonds were issued to refund a portion of the 1979 Series A and 1984 Series A Bonds and to provide funds for the acquisition of student loans from the Bank of North Dakota.

The proceeds of the 1996 Series A and B Bonds were used to refund the July 1, 1996, principal maturity of the 1988 Series A and B, 1989 Series B, and 1992 Series A Bonds. Interest is payable semiannually on January 1 and July 1 of each year. The 1996 Series A and B Bonds are variable rate bonds initially issued as auction rate certificates. The rate of interest will be determined each 35-day period. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the First Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution. Under certain conditions, the Industrial Commission may call for early redemption of the 1996 Series A and B Bonds at 100% of the principal amount plus accrued interest to date of redemption.

The proceeds of the 1996 Series C Bonds were used to provide funds for the refunding of the January 1, 1997, principal of the 1988 Series A Bonds. At the option of the Commission, these bonds are not subject to redemption prior to maturity, except under extraordinary redemption at the times and on the terms and conditions set forth in Schedule B-2 of the First Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution. The proceeds of the 1996 Series D Bonds were used to finance the acquisition of supplemental loans. These bonds are subject to redemption prior to maturity at the option of the Industrial Commission on July 1, 2006, at 100% of the principal amount plus accrued interest to date of redemption.

Interest is payable semiannually on January 1 and July 1 of each year for the 1997 Series A and B Bonds.

The proceeds of the Series 1997 Bonds were used to refund the current maturities of the 1988 Series A and B, 1989 Series B and 1992 Series A Bonds on July 1, 1997, and to current refund and redeem the remainder of the 1988 Series A Bonds at a redemption price of 103% on August 1, 1997.

The 1997 Series A and B Bonds are variable rate bonds initially issued as auction rate certificates. The rate of interest will be determined each 35-day period. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the Second Supplemental

Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution. Under certain conditions, the Industrial Commission may call for an early redemption of the 1997 Series A and B Bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption. The 1997 Series A Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of $5,350,000 at July 1, 2001, plus accrued interest. The 1997 Series B Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of $11,600,000, plus accrued interest, on January 1, 2006.

Interest on the 1998 Series A and B Bonds is payable semiannually on June 1 and December 1 of each year. The proceeds of the Series 1998 Bonds were used to refund the current maturities of the 1988 Series B Bonds and the 1989 Series B Bonds on July 1, 1998, and to call $32,670,000 of the 1989 Series A and B Bonds at a redemption price of 103% on August 1, 1998. The 1998 Series A and B Bonds are variable rate bonds initially issued as auction rate certificates. The rate of interest will be determined each 35-day period. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the Second Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution. Under certain conditions, the Commission may call for early redemption of the 1998 Series A and B Bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

The 2000 Series A Bonds are variable rate bonds initially issued as auction rate certificates. Interest is payable semiannually on June 1 and December 1 of each year. The maximum rate of interest is 12% per annum. The proceeds of the Series 2000 Bonds were used to provide funds for the acquisition of student loans from the Bank of North Dakota. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the Second Supplemental Resolution. The 2000 Series B Bonds are fixed rate bonds. Under certain conditions, the Industrial Commission may call for early redemption of the 2000 Series A and B Bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution. The term bonds of all bond series have mandatory sinking fund requirements starting in 1998.

Component Units

Municipal Bond Bank

The bonds of the Municipal Bond Bank were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Municipal Bond Bank and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions.

Revenue Bonds outstanding (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/02
Primary Government			
Governmental:			
Building Authority	2003-2023	3.50 – 6.10	$ 89,923
Lignite Research	2003-2006	4.80 – 5.75	4,600
Water Commission	2003-2042	2.50 – 6.00	45,638
Proprietary:			
State Fair	2003-2011	5.20 – 6.00	2,095
Student Loan Trust	2003-2036	1.39 – 7.90	189,506
Housing Finance:			
Multi Family	2003-2024	4.75 – 7.75	10,541
Single Family	2003-2034	2.70 – 8.375	700,801
University System:			
VCSU—Valley City	2003-2011	4.30 – 7.25	553
Williston State College	2003-2019	3.00 – 4.75	1,653
Lake Region State College	2003-2013	4.20 – 5.90	675
UND—Grand Forks	2003-2021	3.00 – 6.40	28,347
NDSU—Fargo	2003-2029	4.30 – 7.70	19,317

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/02
NDSCS—Wahpeton	2003-2016	4.00 – 5.50	3,007
MiSU–Minot	2003-2014	2.80 – 6.75	5,682
MiSU—Bottineau	2003-2011	4.30 – 6.90	229
MaSU—Mayville	2003-2009	3.00 – 4.80	723
DSU—Dickinson	2003-2019	4.30 – 5.90	1,140
BSC—Bismarck	2003-2009	4.00 – 7.40	975
Total Revenue Bonds Payable— Primary Government			$ 1,105,405
Component Units			
Proprietary:			
Municipal Bond Bank	2003-2023	2.70 – 10.00	$ 144,230
NDSU Research & Technology Park	2022	5.40	6,500
			$ 150,730

Debt service requirements to maturity on revenue bond issues for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government:

Governmental Activities

Fiscal Year	Principal	Interest
2003	$ 6,485	$ 7,594
2004	8,002	6,927
2005	8,063	6,516
2006	9,989	6,252
2007	8,175	5,772
2008-2012	40,334	21,775
2013-2017	30,467	12,058
2018-2022	21,151	4,484
2023-2027	4,262	1,270
2028-2032	1,447	596
2033-2037	1,258	316
2038-2042	528	43
Total	$ 140,161	$ 73,603

Business-type Activities

Fiscal Year	Principal	Interest
2003	$ 79,552	$ 45,143
2004	18,282	44,003
2005	20,151	43,162
2006	63,522	42,248
2007	20,796	40,689
2008-2012	114,212	187,076
2013-2017	120,879	155,278
2018-2022	133,531	119,957
2023-2027	189,721	73,407
2028-2032	141,670	22,444
2033-2037	64,260	3,423
Less Bond Discount	(334)	284
Deferred Amount On	(317)	317
Accrued Interest At	(682)	682
Total	$ 965,243	$ 778,113

Component Units

Fiscal Year	Principal	Interest
2003	$ 7,235	$ 8,149
2004	7,490	7,612
2005	7,970	7,221
2006	8,295	6,766
2007	8,555	6,299
2008-2012	45,245	24,240
2013-2017	42,840	12,552
2018-2022	23,310	3,102
2023-2027	230	10
Less Bond Discount	(440)	440
Total	$ 150,730	$ 76,391

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2002 (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/02
Primary Government			
Governmental:			
Job Service North Dakota	2004	7.90-9.00	$ 150
Information Technology Department	2003-2004	5.25-6.64	357
Proprietary:			
Bank of North Dakota	2003-2022	3.55-7.35	399,553
University Systems	2006-2012	4.87-8.00	4,307
Component Units			
Municipal Bond Bank (1)	2019	3.55	8,485
UND Aerospace Foundation	2003-2009	4.73-4.75	2,884

(1) The Municipal Bond Bank note payable is to the Bank of North Dakota, part of the primary government.

Debt service requirements to maturity for notes payable for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government:

Governmental Activities

Fiscal Year	Principal	Interest
2003	$ 463	$ 18
2004	44	1
2005	-	-
2006	-	-
2007	-	-
Total	$ 507	$ 19

Business-type Activities

Fiscal Year	Principal	Interest
2003	$ 26,897	$ 22,617
2004	35,735	20,674
2005	16,578	20,165
2006	54,983	19,297
2007	34,631	16,998
2008-2012	148,389	70,329
2013-2017	43,047	40,818
2018-2022	43,600	7,327
Total	$ 403,860	$ 218,225

Component Units

Fiscal Year	Principal	Interest
2003	$ 1,425	$ 424
2004	759	354
2005	777	320
2006	390	292
2007	291	280
2008-2012	1,030	1,203
2013-2017	4,839	824
2018-2022	1,858	139
Total	$ 11,369	$ 3,836

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2002, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	$ 2,989	$ 535	$ (3,017)	$ 507	$ 463
Bonds Payable	135,167	11,368	(6,374)	140,161	6,485
Capital Leases Payable	3,275	161	(2,033)	1,403	814
Intergovernmental Payable	242	349	-	591	-
Compensated Absences	25,798	18,897	(17,388)	27,307	1,417
Claims/Judgments Payable	3,717	3,186	(1,658)	5,245	1,666
Total Long-Term Liabilities	$ 171,188	$ 34,496	$ (30,470)	$ 175,214	$ 10,845
Business-Type Activities:					
Notes Payable	$ 257,944	$ 153,400	$ (7,484)	$ 403,860	$ 26,897
Bonds Payable	1,117,828	89,601	(242,186)	965,243	79,552
Capital Leases Payable	24,291	11,902	(5,852)	30,341	5,898
Intergovernmental Payable	26,931	10,541	(13,189)	24,283	11,270
Compensated Absences	16,223	1,732	(803)	17,152	1,068
Claims/Judgments Payable	519,434	69,507	(80,945)	507,996	80,939
Total Long-Term Liabilities	$ 1,962,651	$ 336,683	$ (350,459)	$ 1,948,875	$ 205,624
Component Units:					
Notes Payable	$ 9,950	$ 2,239	$ (820)	$ 11,369	$ 1,425
Bonds Payable	151,483	24,460	(25,213)	150,730	7,235
Intergovernmental Payable	1,379	654	(794)	1,239	51
Compensated Absences	-	120	-	120	120
Total Long-Term Liabilities	$ 162,812	$ 27,473	$ (26,827)	$ 163,458	$ 8,831

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, $1,118,537 of internal service fund compensated absences, $3,028,081 of claims and judgments, and $7,294 of capital leases are included in the above amounts. Other governmental activities compensated absences generally have been liquidated by the General Fund (48%), the Highway Fund (22%), the Federal Fund (19%), and other various funds. Other governmental activities claims and judgments are generally liquidated by the Insurance Regulatory Trust Fund (78%), Highway Fund (21%), and the Petroleum Release Compensation Fund (1%).

3. DEFEASED DEBT

Primary Government

Housing Finance

Previous to July 1, 1999, Housing Finance defeased certain general obligation bonds by placing bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 2002, $9,340,000 of bonds outstanding are considered defeased.

University System

Mayville State University

On July 1, 1998, Mayville State University issued $695,000 of Student Center Refunding Revenue Bonds (Series 1998) with an average interest rate of 4.40%. These bonds were used to advance refund $640,000 of outstanding 1989 Student Center Revenue Bonds (with an average interest rate of 7.40%). The net proceeds of $666,673 (after payment of $28,327 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government Securities. Those securities are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Student Center Revenue Bonds. As a result, the 1989 bonds are considered to be defeased and the liability for

those bonds has been removed from the balance sheet. The University advance refunded the bonds to reduce its total debt service payments over the next ten years by approximately $77,000 and to obtain an economic gain (difference of the present values of the debt service payments on the old and new debt) of $59,500. The principal amount outstanding as of June 30, 2002, of the original bonds refunded by the advance refunding of 1998 totaled $510,000.

Minot State University

On June 2, 1992, Minot State University placed the proceeds of the $2,620,000 Student Housing Revenue Refunding Bonds of 1992 in an irrevocable trust with an escrow agent to provide for future debt service payments of the existing revenue bonds. The purpose of the 1992 Bonds was to refund in advance of maturity the 1966 Student Union Construction and Refunding Bonds and the 1985 Student Housing Revenue Bonds. As a result, the trust account assets and the liabilities for the defeased bonds are not included in the State's financial statements.

The principal amount outstanding as of June 30, 2002, of the original bonds refunded (considered defeased) by the advance refunding total $200,000.

University of North Dakota

On March 1, 2002, the University of North Dakota issued $6,710,000 of Housing and Auxiliary Facilities Improvement and Refunding Revenue Bonds (Series 2002), with an average interest rate of 4.56%. These bonds, together with other available funds, were used to provide means to currently refund $3,840,000 Housing and Auxiliary Facilities Revenue Bonds, Series 1993 A, and to provide $3,500,000 for renovation of the Memorial Union. The University of North Dakota refunded the 1993 A Bonds to reduce its total debt service payments over the next eleven years by approximately $825,000 and to obtain an economic gain of $173,482.

On January 1, 1998, the University of North Dakota issued $22.6 million of Housing and Auxiliary Facilities Improvement and Refunding Revenue Bonds (Series 1998 A) with an average interest rate of 4.70%. These bonds were used to advance refund $20.4 million of outstanding 1988 Series A and B Housing and Auxiliary Facilities Refunding Revenue Bonds (with an average interest rate of 7.50%) and to provide $450,000 for parking lot construction at the Rural Technology Center. The net proceeds of $21.6 million (after payment of $387,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 Series A and B Bonds. As a result, the 1988 Series A and B Bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet. The principal amount outstanding as of June 30, 2002, of the original bonds refunded by the advanced refunding of 1998 totaled $16,940,000.

Housing and Auxiliary Revenue Refunding Bonds Series 1984 A, which were included in the advance refunding of 1985, as described above, were originally issued in 1984 for the purpose of advance refunding certain outstanding bonds (Series I through Series N). The principal amount outstanding as of June 30, 2002, of the original bonds refunded by the advance refunding of 1984 totaled $280,000.

Housing and Auxiliary Revenue Bonds Series I and Series J, which were included in the advance refunding of 1984 as described above, were originally issued in 1975 for the purpose of advance refunding certain outstanding bonds of the university. The principal amount outstanding as of June 30, 2002, of the original bonds refunded by the advance refunding of 1975 totaled $960,000.

All of the refunded bonds are considered "defeased" and have debt service needs covered by U.S. Government securities which are held in a special trust administered by the Bank of North Dakota. As such, neither the assets of the trust nor the related bonds payable are included in the accompanying balance sheet.

Certificates of Participation totaling $20,450,000 were originally issued by UND in 1990 to: (1) reimburse the University for certain expenses incurred for capital improvements; (2) refinance the costs of certain equipment; and (3) finance the acquisition of certain equipment and real property, to fund a reserve, and to pay the costs of issuance. Subsequent to this issuance, the Legislative Assembly, in House Bill 1003, directed the University to retire those certificates originally issued for the acquisition of certain equipment and real property and to fund a reserve. Therefore, in December 1991, $6,025,000 in certificates were defeased. The principal amount outstanding as of June 30, 2002, of the defeased certificates totals $2,780,000.

North Dakota State University

The North Dakota State University, pursuant to resolutions adopted by the Board of Higher Education on November 7, 1985, issued $4,833,813 of Housing and Auxiliary Facilities Revenue Refunding Bonds (Series 1985) on December 30, 1985. The purpose of issuing Series 1985 bonds was to refund in advance of maturity the outstanding advanced refunded bonds, which consisted of all bonds outstanding as of December 30, 1985, totaling $7,675,000. The Series 1985 Bonds do not pay the holder interest but were sold at a discount so that principal payments will yield a return to maturity from 8.20% to 9.70%. All of the refunded bonds are considered "defeased" in accordance with Financial Accounting Standards Board Statement No. 76. As such, neither the assets of the trust nor the related bonds payable are included in the accompanying balance sheet. The principal amount outstanding as of June 30,

2002, of the original bonds refunded by the advance refunding total $1,270,000.

The University, pursuant to resolutions adopted by the Board of Higher Education on June 4, 1992, issued $8,810,000 of Housing and Auxiliary Facilities Revenue Refunding Bonds (Series 1992) on June 23, 1992. The purpose of issuing the Series 1992 Bonds was to refund in advance of maturity the outstanding advanced refunding bonds, Series 1985. The proceeds of the Series 1992 bond issue were irrevocably deposited in an escrow account to provide for all debt service payments after the "crossover date". This crossover refunding issue retired the outstanding Series 1985 bond issue ($8,071,500) on the "crossover date" of April 1, 1996. Therefore, only the 1992 issue is included in the financial statements at June 30, 2002.

The University, pursuant to resolutions adopted by the Board of Higher Education on February 15, 1996, issued $1,175,000 of Housing and Auxiliary Facilities Revenue Bonds (Series 1996 A) on March 13, 1996. The purpose of issuing the Series 1996 A Bonds was to advance refund a portion ($980,000) of the Series 1988 Housing and Auxiliary Facilities Revenue Bonds. The portion of the Series 1988 Bonds advance refunded represents the bonds maturing April 1, 2004 through 2008. The proceeds of the Series 1996 A issue were irrevocably deposited in an escrow account to provide for all debt service payments after the April 1, 2003, crossover date. The Series 1988 Bonds are callable at the option of the Board on or after April 1, 2006. The portion of the Series 1988 Bonds that are advance refunded are considered "defeased" in accordance with Financial Accounting Standards Board Statement No. 76. As such, neither the assets of the escrow account nor the related bonds payable (i.e., the advance refunded portion of the Series 1988 Bonds) are included in the accompanying balance sheet. As of June 30, 2002, the principal amount outstanding of the advance refunded portion of the Series 1988 Bonds is $980,000. As of June 30, 2002, the portion of the Series 1988 Bonds that were not advance refunded by the Series 1996 A Bonds is reported in the State's balance sheet in the amount of $145,000.

North Dakota State College of Science

On June 20, 2001, North Dakota State College of Science issued $2,785,000 of Housing and Auxiliary Facilities Improvement and Refunding Revenue Bonds (Series 2001) with an average interest rate of 4.92%. These bonds were used to (1) refund, defease and discharge outstanding North Dakota State School of Science Married Student Housing Revenue Bonds 1970 at 7.0% and 7.25%, Dormitory Revenue Bonds of 1970 at 7.25% and Dormitory Revenue Bonds of 1972 at 6.3%. Funds were deposited in a trust account with an escrow agent to provide for all future debt service payments for the above bonds; (2) finance the cost of the construction of the parking lot and related improvements at the College; and (3) to pay certain costs associated with the issuance of the Series 2001 bonds.

As a result of this issue, trust account assets and liabilities for the defeased bonds are not included in the North Dakota State College of Science financial statements. The project costs for the parking lot and related improvements were set at $1,000,000. The College, through this bond issue, will realize an economic gain of $53,210 on the $1,634,000 original principal amount outstanding as of June 30, 2002.

Component Units

Municipal Bond Bank Bonds

On August 20, 2001, the Bond Bank issued $23,675,000 of revenue bonds with an average interest rate of 4.48 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded bonds. As of December 31, 2001, $13,010,000 of bonds outstanding is considered defeased, and the liability has been removed from the balance sheet. The reacquisition price exceeded the net carrying amount of the old debt by $1,029,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next fifteen years by $1,709,000 and resulted in an economic gain of $714,000.

J. ARBITRAGE REBATE PAYABLE

Arbitrage as it applies to government financing refers to the ability of state governments to obtain funds at a tax-exempt rate of interest and to then invest those funds in investments which earn a higher yield, resulting in a profit to the issuer.

The arbitrage rebate rules require that any earnings from the investment of the tax-exempt bond proceeds which exceed the yield on the bonds be remitted to the federal government.

The State has an arbitrage rebate payable to the federal government of approximately $9,716,809 at June 30, 2002. These amounts are reported in the Government-wide and Proprietary Fund Type financial statements as an intergovernmental payable.

NOTE 4 - DEFICIT FUND EQUITY

RETIREMENT AND INVESTMENT OFFICE (RIO)

At June 30, 2002, RIO had a deficit of $13,163. It is expected that charges for services during fiscal year 2003 will reduce the deficit.

COMPREHENSIVE HEALTH ASSOCIATION OF NORTH DAKOTA (CHAND)

At December 31, 2001, CHAND had a deficit of $1,005,934. Additional member assessments are expected to cover the deficit.

NOTE 5 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. The State also administers the North Dakota Defined Contribution Retirement Plan, which was established January 1, 2000. These retirement systems have implemented Governmental Accounting Standards Boards Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Certain state employees may also participate in a privately administered retirement system: Teachers' Insurance Annuity Association. The following is a brief description of each plan. More detailed information can be found in the plan agreements and the related legislation.

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

The North Dakota Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions (Main System). It also covers Supreme and district court judges and the National Guard Security Officers and Firefighters. It is not subject to the provisions of the Employee Retirement Security Act of 1974. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

At June 30, 2002, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	71
Counties	42
School Districts	93
Other	52
Total Participating Local Political Subdivisions	258

Death and disability benefits are set by statute. If an active employee dies with less than five years (three years of service for the Main System and National Guard) of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than five years of credited service (three years of service for the Main System and National Guard), the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, or 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

For judges only, the death benefit is changed to the greater of (i) lump sum payment of accumulated contributions, and (ii) 100% of the member's accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

Eligible employees who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the employee has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for "disabled" is set by the Board in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is changed to 70% of final average salary minus social security and workers compensation benefits.

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. (Effective August 1, 2001, there is an addition of ad hoc post-retirement increases for retirees, disableds, and beneficiaries equal to 6% for the Main System and National Guard, and two ad hoc post-retirement increases for retirees and beneficiaries for judges equal to 2% beginning January 1, 2002, and January 1, 2003.) Employees are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 or at normal retirement age (65), equal to 2.00% of their final average salary for each year of service. The plan permits early retirement at ages 55-64, with three or more years of service for the Main System and National Guard, and five or more years of service for the Supreme and district court judges. The monthly pension benefit for Supreme and district court judges at normal retirement age (65) is equal to 3.5% of final average salary multiplied by the first 10 years of service, plus 2.80% of final average salary times the second 10 years of service, plus 1.25% of final average salary times years of service in excess of 20 years. The judicial retirement formula is only

applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The monthly pension benefit for security officers or firefighters at normal retirement age (55) is equal to 2.00% of the final average salary for each year of service with three years served as a security officer or firefighter.

Employees may elect to receive the pension benefits in the form of a single life, joint and survivor, level social security or term-certain annuity. Employees may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the employee's accumulated contributions plus interest.

The System is funded by employee contributions (set by statute) of 4% of regular compensation, with the exception of Supreme and district court judges' contributions, which are established at 5% of total compensation. During the 1983-1985 biennium, the State implemented the employer pickup provision of the IRS code, whereby a portion or all of the required employee contributions are made by the employer. The State is paying the full employee contribution with the exception of the Supreme and district court judges, in which the State is paying 4 of the 5% contribution. Some of the political subdivisions are paying all or part of the employee contributions. Employer contributions of 4.12% of covered compensation are set by statute. The employer contribution rate for the Supreme and district court judges is also set by statute at 14.52%, and the contribution rate for the National Guard security officers and firefighters is set by the Board at 8.33%. The required contributions are determined using an entry age normal actuarial funding method.

Effective January 1, 2000, except for Supreme and district court judges, the employees' account balance includes the vested employer contributions equal to the employee's contributions to an eligible deferred compensation plan.

The minimum member contribution is $25, and the maximum may not exceed certain parameters based upon years of service.

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of PERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

The North Dakota Highway Patrolmen's Retirement System is a single-employer defined benefit pension plan covering substantially all sworn officers of the Highway Patrol of the State of North Dakota. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974. NDHPRS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

Death and disability benefits are set by statute. If an active employee dies with less than 10 years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than 10 years of credited service, the surviving spouse, if any, will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50 percent of the employee's accrued normal retirement benefit, or 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 55 the day before death occurred. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

Eligible employees who become totally disabled after a minimum of 180 days service receive monthly disability benefits that are up to 70 percent of their final average salary, reduced by workers compensation with a minimum benefit of $100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled and apply for benefits within one year of termination.

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees are entitled to unreduced pension benefits after a minimum of 10 years of service upon attainment of age 55 or when the sum of age and years of credited service equals or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 120 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The plan permits early retirement at ages 50-54, with ten or more years of service.

The System is funded by employee contributions of 10.30% (of which the State is paying 4%) of total compensation and an employer contribution of 16.70%. The required contributions are determined using an entry age normal cost method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDHPRS. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

REFUNDS OF MEMBER CONTRIBUTIONS

Upon termination, if an employee is not vested (is not 65 or does not have five years of service [three years of service for the Main System and National Guard]

credited for PERS, or is not 60 or does not have ten years of service credited for NDHPRS), they will receive the accumulated employee contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If an employee of the PERS terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

RETIREMENT PLAN FOR THE EMPLOYEES OF JOB SERVICE NORTH DAKOTA (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan. Previous to September 30, 1993, this plan was funded with the Travelers Insurance Company under Group Annuity Contract GR-600. Effective October 1, 1993, the deposit administration fund was terminated and Group Guaranteed Benefit Contract GR-16312 was in effect. Job Service North Dakota issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, 1000 East Divide Avenue, Bismarck, North Dakota 58501.

Participation in the plan is limited to employees participating in the plan as of September 30, 1980. Employees were vested in the program after the completion of five years of credited service.

The plan provides retirement, disability and death benefits. If the death of a participant occurs prior to his/her annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before he/she died and elected the Contingent Annuitant Option with 55% of his/her retirement benefit continued to his/her spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death, and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefit will cease.

If a participant becomes totally disabled, they will be eligible for a monthly disability benefit which shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as of their date of disability.

Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect an optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to 5 plus;
- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

The System is funded by employee contributions of 7% of retirement wages (of which 4% is paid by the employer in lieu of salary increases). The required employer contributions are determined using an entry age actuarial funding method. Benefit and contribution provisions of the JSND are administered in accordance with chapter 52-11 of the North Dakota Century Code.

TEACHERS' FUND FOR RETIREMENT (TFFR)

The North Dakota Teachers' Fund for Retirement is a cost-sharing multiple-employer defined benefit pension plan covering employees for all public and certain college, State and non-public teachers of the State who meet certain requirements of age, period of productive service and employment. TFFR provides for pension, survivor and disability benefits. Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1930 Burnt Boat Drive, Bismarck, North Dakota 58503.

At June 30, 2002, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	19
Vocational Education Units	4
Public School Districts	219
County Superintendents	15
Other	17
Total	274

A member is entitled to receive full benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, five- or ten-year term certain

annuity, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas and may be eligible for legislative increases in monthly benefits.

Survivor benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting twelve months or more does not allow the continuation of teaching, (b) the member has accumulated one year of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC 15-39.1-10 without consideration of age and assuming the member has a minimum of 20 years of credited service. There is no actuarial reduction for reason of disability retirement.

Assessments and contributions paid to TFFR are set by NDCC 15-39.1-09. Every eligible teacher in the state of North Dakota is required to be a member of TFFR and is assessed at a rate of 7.75% of salary as defined by NDCC 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 7.75% of the teacher's salary. Based on an annual actuarial valuation, TFFR is effectively providing for the normal cost of TFFR's participants plus amortizing the unfunded liability over approximately a 20-year period.

A vested member who terminates covered employment may elect a refund of assessments paid or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of assessments paid unless that member submits a valid waiver of this refund to the Board of Trustees of TFFR. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

The following table summarizes membership information by plan at the actuarial valuation date:

	PERS	NDHPRS	JSND	TFFR
Retirees and Beneficiaries Currently Receiving Benefits:	5,130	86	209	5,054
Special Prior Service Retirees:	122	-	-	-
Terminated Employees:				
Vested	639	2	5	1,223
Nonvested	2,651	-	-	225
Total Terminated Employees	3,290	2	5	1,448
Active Employees:				
Vested	12,662	71	76	8,587
Nonvested	4,427	54	-	1,344
Total Active Employees	17,089	125	76	9,931
Date of Annual Valuation	July 1, 2002	July 1, 2002	July 1, 2002	July 1, 2002

The above table includes retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

METHOD USED TO DETERMINE EMPLOYER CONTRIBUTIONS

Employer contributions for the PERS, NDHPRS and JSND were determined by an actuarial formula identified as entry age normal cost method. The formula determines the amount of contributions necessary to fund: (a) the current service cost, which represents the estimated amount necessary to pay for benefits earned by employees during the current service year and, (b) the prior service cost, which represents the amount necessary to pay for benefits earned prior to the effective date of the plan.

METHOD USED TO VALUE INVESTMENTS

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the

realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

During the current year, there were no investments in the stock or bonds of any commercial or industrial organization whose fair value represented five percent or more of the net assets available for benefits. JSND pension plan assets include Guaranteed Investment Contract, which comprises approximately 11.31 percent of the total assets. Additionally, there were no securities of the employers or related parties included in the assets of the pension trust funds.

Investments of PERS and NDHPRS are commingled and invested. Earnings on the investments and expenses relating to administering the plans are allocated to each plan based upon their percentage of ownership or number of participants.

The Retirement Plan for Employees of Job Service North Dakota Pension Trust Fund was funded under a deposit administration contract with Travelers Insurance Company (Travelers) until September 30, 1993, and was valued at contract value.

Effective October 1, 1993, the deposit administration fund was terminated and Group Guaranteed Benefit Contract GR-16312 was in effect. Funds transferred from the deposit administration fund to the new contract were $33,712,261 on October 1, 1993. Contract value represents the balance of the fund not yet transferred to the Agency, plus interest of 6.45 percent, less funds used to purchase cost-of-living annuities for retirees prior to October 1, 1993, and pay administration expenses charged by the Travelers. Contract value was $4,280,410 at June 30, 2002.

On March 14, 1994, the Plan Administrator/Trustee for the Retirement Plan for Employees of Job Service North Dakota entered into an investment management agreement with the North Dakota State Investment Board. This agreement provided for investment management services for pension fund assets not held by the Travelers. Fair value of investments with SIB at June 30, 2002, were $60,985,784, which represents 93.57% of net plan assets.

C. FUNDING STATUS AND PROGRESS

The actuarial methods and assumptions together with the schedule of funding progress is presented by the retirement systems in their separately presented financial reports based upon the actuary reports generated by the studies conducted by the Segal Company and Gabriel, Roeder, Smith and Company. The actuarial value of assets is based on a five-year smoothed fair value basis. Under this method, realized and unrealized gains and losses on investments are smoothed over five years. Below is listed the various actuarial methods and significant assumptions used to determine the annual required contributions, together with the schedule of funding progress.

	PERS NDHPRS	JSND	TFFR
Valuation Date	July 1, 2002	July 1, 2002	July 1, 2002
Actuarial Cost Method	Entry Age Normal	Frozen Entry Age***	Entry Age Normal
Amortization Method	Level Percent Open	Level Dollar Closed	Level Payment Open
Remaining Amortization Period	20 years	15 years	20 years**
Asset Valuation Method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	4.5%*	5.0%	4.0% to 13.0%
Includes inflation at	4.5%	5.0%	3.0%
Post retirement cost-of-living adjustment	None	5.0%	None

* Inflation together with wage increases attributable to seniority, merit and “standard of living” increases.

** Statutory 7.75% employer contribution rate produces 10.0 years funding period.

*** As of July 1, 2002, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero.

Schedule of Funding Progress
(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value Of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded Excess) As A Percentage Of Annual Covered Payroll
PERS						
July 1, 1997	$ 704.5	$ 646.9	$ (57.6)	108.9%	$ 359.0	(16.0)%
July 1, 1998	801.3	720.1	(81.2)	111.3%	379.0	(21.4)%
July 1, 1999	917.0	842.7	(74.3)	108.8%	397.7	(18.7)%
July 1, 2000	1,027.0	891.9	(135.1)	115.1%	409.0	(33.0)%
July 1, 2001	1,115.3	1,008.6	(106.7)	110.6%	433.3	(24.6)%
July 1, 2002	1,150.0	1,103.5	(46.5)	104.2%	461.3	(10.1)%
NDHPRS						
July 1, 1997	$ 24.9	$ 27.5	$ 2.6	90.5%	$ 4.2	61.9%
July 1, 1998	28.1	28.9	.8	97.2%	4.3	18.6%
July 1, 1999	32.0	32.2	.2	99.4%	4.5	4.4%
July 1, 2000	35.9	34.0	(1.9)	105.6%	4.7	(40.4)%
July 1, 2001	38.8	38.1	(0.7)	101.8%	4.9	(14.3)%
July 1, 2002	39.5	40.5	1.0	97.4%	5.1	19.6%
JSND						
July 1, 1997	$ 51.0	N/A*	$ -	N/A	$ 4.7	0.0%
July 1, 1998	61.7	N/A	-	N/A	4.3	0.0%
July 1, 1999	66.6	N/A	-	N/A	4.0	0.0%
July 1, 2000	71.0	N/A	-	N/A	3.7	0.0%
July 1, 2001	70.8	N/A	-	N/A	3.5	0.0%
July 1, 2002	67.6	N/A	-	N/A	3.2	0.0%
TFFR						
July 1, 1997	$ 823.4	$ 977.1	$ 153.6	84.3%	$ 294.1	52.2%
July 1, 1998	928.0	1,033.0	105.0	89.8%	298.4	35.2%
July 1, 1999	1,053.1	1,188.4	135.3	88.6%	314.6	43.0%
July 1, 2000	1,308.5	1,287.9	(20.6)	101.6%	323.0	(6.4)%
July 1, 2001	1,414.7	1,467.7	53.0	96.4%	342.2	15.5%
July 1, 2002	1,443.5	1,575.8	132.3	91.6%	348.1	38.0%

*The Frozen Initial Liability method does not directly identify an Actuarial Accrued Liability.

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Employer contribution rates for PERS, NDHPRS and JSND are set by state statute using the entry age normal actuarial cost method. This method produces an employer contribution rate consisting of (1) an amount for normal cost, (2) an amount for amortization of the unfunded accrued liability over a period of 20 years for PERS and NDHPRS and 30 years for JSND, and (3) the amount necessary to provide for operating expenses. For JSND the entire employer contribution requirement is to cover the current amortization of the Initial Actuarial Accrued Liability with none being applied for normal costs. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the actuarial accrued liability.

The contribution rate is not actuarially determined for TFFR; it is set by statutory law under the North Dakota Century Code 15-39.1-09. It is required that every eligible teacher be a member of the Fund and assessed at a rate of 7.75 percent of gross salary and that every governmental body employing a teacher pay into the plan a sum equal to 7.75 percent of the teacher's salary. Based on an actuarial valuation, the plan is effectively providing for the normal cost plus amortizing the unfunded liability over approximately a 20-year period.

The following schedule presents, by retirement system, annual required contributions and the percentage contributed:

Schedule of Employer Contributions

		Annual Required Contribution	Percentage Contributed
PERS			
	2000	$ 13,457,783	100%
	2001	9,642,770	100%
	2002	16,811,296	100%
TFFR			
	2000	$ 25,527,734	100%
	2001	26,289,206	100%
	2002	27,243,542	100%

For NDHPRS and JSND, sole employer plans, the following schedule represents the annual pension costs and net pension obligations for the year ended June 30, 2002:

	NDHPRS	JSND
Annual required contributions	$ 591,235	$ -
Interest on net pension obligations	(46,236)	134,390
Adjustment to annual required contributions	40,336	138,166
Annual pension costs	585,335	3,776
Contributions made	814,035	-
Increase in net pension obligations	(228,700)	3,776
Net pension obligations, beginning of year	(577,953)	(1,679,878)
(Assets in excess of) net pension obligations, end of year	$ (806,653)	$ (1,676,102)

The following schedule presents the annual pension costs, the percentages contributed, and the net pension obligations:

		Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligations
NDHPRS				
	2000	$ 532,786	139%	$ (208,303)
	2001	420,601	187%	(577,953)
	2002	591,235	138%	(806,653)
JSND				
	2000	$ 3,793	0%	$ (1,683,662)
	2001	3,784	0%	(1,679,878)
	2002	3,776	0%	(1,676,102)

E. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan covers state employees who are in positions not classified by the central personnel division of the State. Employees of the judicial branch or the Board of Higher Education and state institutions under the jurisdiction of the Board of Higher Education are not eligible to participate in the Defined Contribution Plan. The Defined Contribution Plan had 295 participants as of June 30, 2002.

Upon the death of a participating employee or former participating employee, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). An employee who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the employee must meet the criteria established by the System for being totally disabled.

Employees are entitled to their vested account balance. A participating employee is immediately 100% vested in the employee's contributions. A participating employee vests in the employer contributions made on the employee's behalf as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Employees may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

Contributions are set by state statute and are a percentage of salaries and wages. Employee contributions are established at 4%, and employer contributions are established at 4.12% of regular compensation. Employer and employee contributions totaled $452,311 and $439,113, respectively, for the fiscal year ended June 30, 2002.

The Board, or vendors contracted by the Board, have exclusive authority to invest and manage the assets of the Defined Contribution Plan. State statute allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the Board. The following investments represent 5% or more of net plan assets at June 30, 2002:

Fidelity Managed Income Portfolio Mutual Fund	22.72%
Fidelity Growth Company Mutual Fund	14.93%
Fidelity Freedom 2020 Mutual Fund	9.52%
Fidelity Equity Income	7.56%
Fidelity Spartan U.S. Equity Index	7.12%
PIMCO Total Return Admin. Mutual Fund	6.36%
Fidelity Diversified International Mutual Fund	6.18%
Fidelity Freedom 2010 Mutual Fund	6.10%

F. TEACHERS' INSURANCE ANNUITY ASSOCIATION

The Teachers' Insurance and Annuity Association (TIAA-CREF), a privately-administered defined contribution retirement plan, provides individual retirement fund contracts for eligible permanent employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution.

Employees are eligible for retirement benefits after attaining the age of 65, which is payable periodically for life. All benefits vest immediately to the participant. The plan requires employee and employer contributions be based on a classification system and years of service based on the schedule shown below.

Employment Class	Years Of Service	By The Participant	By The Institution	Total
I and III	0 thru 10	1.50%	9.50%	11.00%
	over 10	2.00%	10.00%	12.00%
II	0 thru 2	0.50%	4.50%	5.00%
	3 thru 10	1.50%	9.50%	11.00%
	over 10	2.00%	10.00%	12.00%
IV	0	1.00%	9.00%	10.00%

Plan contributions by participants will be deducted from salary payments, or if elected by the participant, will be made on a tax-deferred basis under an agreement for salary reduction executed in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed $15,311,048, which is the required contribution, for the fiscal year ended June 30, 2002.

NOTE 6 - POST-RETIREMENT BENEFITS

The Retiree Health Benefits Fund is administered by the North Dakota Retirement Board (the Board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), the Highway Patrolmen's Retirement System, the Defined Contribution Retirement Plan, and the Retirement Plan established by Job

Service North Dakota a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. The Retiree Health Benefits Fund is advance-funded on an actuarially determined basis.

The employer contribution for the Public Employees Retirement System, the Highway Patrolmen's Retirement System, and the Defined Contribution Retirement Plan is set by state statute on an actuarially determined basis at one percent of covered compensation. The employer contribution for the Supreme and district court judges is three percent of covered compensation in order to extend this benefit to judges retired under NDCC 27-17. Job Service North Dakota reimburses the Retiree Health Benefits Fund monthly for credit received by members of the retirement program established by Job Service North Dakota. Employees participating in the retirement plan as part-time/temporary members are required to contribute one percent of their covered compensation to the Retiree Health Benefits Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund.

Retiree health benefits are set by state statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), the Highway Patrolmen's Retirement System, the Defined Contribution Retirement Plan, or the Retirement Plan established by Job Service North Dakota, are eligible to receive credit toward their monthly health insurance premium under the state health plan. The benefits are equal to $4.50 for each of the employee's years of credited service not to exceed the premium in effect for selected coverage. Total Job Service expenditures for their pay-as-you-go plan was $200,177 for the period ending June 30, 2002. The number of employees from Job Service using the credit was 166 at June 30, 2002. The retiree health benefit is also available for early retirement with reduced benefits.

Death and disability benefits are set by state statute. An employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit, are eligible to receive a credit toward their monthly health insurance premium under the state health plan. The benefits are equal to $4.50 for each of the employee's or deceased employee's years of credited service, not to exceed the premium in effect for selected coverage.

Actuarial valuations of the Fund were done as of June 30, 2002. The actuarial cost method used is the Projected Unit Actuarial Credit Cost Method. The significant actuarial assumptions used to determine funding requirements are (a) a rate of return on the investment of present and future assets of 8.0 percent, (b) inflation at 4.50 percent per annum, (c) pre- and post-mortality life expectancies of participants based upon 1983 Group Annuity Mortality Tables and the PBGC's Disabled Life Mortality Tables, (d) rates of withdrawal from active service before retirement for reasons other than death, rates of disability, and expected retirement ages developed on the basis of actual plan experience, and (e) administrative expenses of $65,000 per year. Plan assets are valued, for actuarial purposes, using a five-year smoothed market method.

The following are the changes in actuarial assumptions, asset method and plan experience, and the effect on the employer's contribution rates expressed as a percent of covered payroll and the dollar effect on the actuarial accrued liability. There were no plan amendments.

	As a Percentage of Covered Payroll	Dollar Effect
Changes in plan experienced during the year	(.01)%	$ (47,645)

Employer contributions totaling $4,482,993 were made for the year ended June 30, 2002. The actuarially required employer contribution of $4,653,424 for the year ended June 30, 2002, is 0.98 percent of the covered payroll and reflects the fact that the statutory rate of one percent is sufficient to cover future costs of the Fund. At June 30, 2002, the cost of benefits incurred for the fund was $3,745,958.

Employee membership is as follows:

Retirees receiving benefit	3,393
Active participants	17,462
Total Membership	20,855

According to the Projected Unit Credit Cost Method, the actuarial accrued liability and the unfunded actuarial accrued liability of the Retiree Health Benefits Fund are as follows:

Actuarial accrued liability	$ 68,988,084
Net assets available for benefits, at actuarial value	26,402,058
"Unfunded" accrued liability	$ 42,586,026

The fair value of the net assets available for benefits at June 30, 2002, is $23,652,354.

NOTE 7 - DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional.

The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive use of the employee or their beneficiary.

The related assets of the plan, held in trust, are reported at fair value as follows (expressed in thousands):

Plan Participation By:	
State of North Dakota	$ 7,176
Other Jurisdictions	1,471
Total Value	$ 8,647

NOTE 8 - PERS UNIFORM GROUP INSURANCE PROGRAM SURPLUS

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Blue Cross Blue Shield of North Dakota (BCBS) to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments or agencies. The contract provides for an accounting of premiums paid and claims incurred during the biennium. In accordance with the term of the contract for the 2001-2003 biennium, the system is to deposit a total of $3 million with BCBS. These surplus funds are to be used to pay any claims in excess of the premiums collected. At the end of the contract period, the system receives the remaining surplus funds plus interest. The accumulated surplus and other invested funds in the amount of $2,911,717 are shown as cash on the state's financial statements. These funds are being held by BCBS.

Similarly, the PERS Uniform Group Insurance Program contracts with ReliaStar Life Insurance Company to provide life insurance to the employees of the State of North Dakota or any of its political subdivisions, institutions, departments or agencies. The contract provides for an accounting of premiums paid and claims incurred during the biennium, with any surplus shared according to a formula outlined in the contract. Based on ReliaStar's final accounting for the 1999-2001 biennium, there is a surplus for this contract period of $179,279. The surplus is used to fund rate reductions in the supplemental life program or provides benefit enhancements. The accumulated surplus plus interest was paid to the system during the current fiscal year.

NOTE 9 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains three Enterprise Funds which provide loans to finance construction of rental residential housing and single family home ownership. Segment information for the year ended June 30, 2002, was as follows (expressed in thousands):

	Agency Operating Funds	Multi-family Bond Funds	Home-Ownership Bond Funds
Condensed Statement of Net Assets			
Current assets – other	$ 27,122	$ 464	$ 147,211
Noncurrent assets – other	19,742	10,659	607,824
Total Assets	46,864	11,123	755,035
Current liabilities – other	13,433	454	34,383
Noncurrent liabilities – other	54	10,291	693,589
Total Liabilities	13,487	10,745	727,972
Net assets – unrestricted	24,604	-	-
Net assets – restricted	8,687	378	27,063
Total Net Assets	33,377	378	27,063
Condensed Statement of Revenues, Expenses and Change in Fund Net Assets			
Operating revenues	4,156	806	48,234
Operating expenses	3,883	792	43,708
Operating income	273	14	4,526
Nonoperating revenue	2,419	-	-
Change in net assets	2,668	14	4,526
Total net assets, beginning of year	30,151	364	23,095
Total net assets, end of year	33,377	378	27,063

	Agency Operating Funds	Multi-family Bond Funds	Home-Ownership Bond Funds
Condensed Statement of Cash Flows			
Net cash from (used for) operating activities	(5,857)	1,172	25,928
Net cash from (used for) noncapital financing activities	2,412	(1,463)	(178,753)
Net cash used for capital and related financing activities	(8)	-	-
Net cash from investing activities	2,440	211	6,748
Net change in cash and cash equivalents	(1,013)	(80)	(146,077)
Cash and cash equivalents, beginning of year	8,936	459	276,358
Cash and cash equivalents, end of year	7,923	379	130,281

NOTE 10 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to financial instruments with off-balance-sheet risk in the normal course of business. These financial instruments include commitments to extend credit and financial standby letters of credit. Those instruments involve varying degrees of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the State has in particular classes of off-balance-sheet financial instruments.

The State's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and financial standby letters of credit is represented by the contractual amount of those instruments. The State uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract Amount (in thousands)
Commitments to extend credit	$ 241,481
Financial standby letters of credit	99,595
	$ 341,076

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The State evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained by the State upon extension of credit is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the State to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The likelihood of funding any of these letters of credit is considered to be remote.

NORTH DAKOTA HOUSING FINANCE AGENCY

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total $18,010,000 at June 30, 2002. The Agency does not anticipate any material losses as a result of these commitments.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled $5,025,000 at June 30, 2002.

MUNICIPAL BOND BANK

In the normal course of business, the Bond Bank (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of $70,408,000 at December 31, 2001.

COMMUNITY WATER FACILITY LOAN FUND

The Fund is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its

customers. These financial instruments include commitments to extend credit. Commitments to extend credit totaled $1,150,000 as of December 31, 2001.

NOTE 11 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, developmentally disabled facilities, loans to students for post-secondary education, single-family and multifamily mortgage loans, and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 12 - RISK MANAGEMENT

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of $1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than $1,000,000 during each twelve month period.

STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

FLEET SERVICES

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses which are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

WORKERS COMPENSATION BUREAU

Workers Compensation Bureau (Bureau), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. The Bureau is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of the Bureau. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2002, a total of $55,182,069 in claims was recognized. Incurred but not reported claims of $500,800,000 have been accrued as a liability based primarily upon actuarial estimates.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of $250,000 per person and $1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lessor costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2001, and June 30, 2002:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2001	2,273,594	481,120	661,714	2,093,000
2002	2,093,000	856,677	412,046	2,537,631

Certain restatements were made to the information presented for 2001 due to a change in actuarial assumptions.

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to $100,000 per claim with the North Dakota Workers Compensation Bureau, providing excess insurance for claims which exceed the $100,000 cap. WCP does not pay separately for this coverage. Since the inception of WCP on July 1, 2001, one claim exceeded coverage by $12,970.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by North Dakota Workers Compensation and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of $250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for North Dakota Workers Compensation. The liability estimates are based on that study.

The following table presents the changes in claims liabilities balance for the fiscal year ending June 30, 2002:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2002	$ -	$ 1,157,853	$ 666,683	$ 491,170

NOTE 13 - PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the winter show. The Fire and Tornado Fund has issued 1,085 policies to participating entities for a total building and content coverage of $5.18 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,909 policies to participating entities. The total coverage for the Bonding Fund is $559.8 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established as they are not expected to be material amounts. Neither fund incurred any acquisition costs which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its exposure to large losses on all types of its insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. However, at June 30, 2002, there was no amount deducted from claims liabilities for reinsurance.

WORKERS COMPENSATION BUREAU

Workers Compensation Bureau (Bureau), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2002, coverage extended to the following employer units:

Local Governments	1,864
State Agencies	1
Private Employers	18,141
Total	20,006

The Bureau is financed by premiums assessed to the employers of North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of Workers Compensation are accounted for on the accrual basis. Liability for incurred but not reported and incomplete claims and claims expense is estimated by the Bureau's actuary. The estimate is developed by the Bureau's actuary, taking into consideration past experience of the Bureau in paying claims, and general conditions of the environment in which the Bureau operates. The liability includes estimates of costs to settle individual claims which have been reported, plus a provision for losses incurred but not yet reported and includes the effects of inflation and other societal and economic factors. The Bureau records the liability at a discounted amount.

As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations. Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred claims, but such reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated.

For the year ended June 30, 2002, the actuary presented an estimate in the form of a range to emphasize the uncertainty for the estimated liability of the Bureau. These ranges are as follows (expressed in thousands):

	Low	Expected Value	High
Full Value Basis (undiscounted)	$810,000	$902,400	$1,040,000
Discounted at 6% rate	*	500,800	575,000

*Not computed by actuary.

The Bureau has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's six percent discounted expected value of $500.8 million at June 30, 2002.

The June 30, 2001, liability of $515 million was also recorded at the discounted rate of six percent.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

The Workers Compensation fund did not incur any acquisition costs which should have been capitalized at June 30, 2002.

B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

	Fire And Tornado		Bonding		Workers Compensation	
	2002	2001	2002	2001	2002	2001
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 6,559	$ 1,801	$ 103	$ 82	$ 515,000	$ 499,700
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	5,481	6,828	26	71	87,710	82,905
Change in provision for prior fiscal year	-	-	-	-	(36,072)	34,110
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	1,588	(269)	100	32	(17,131)	(17,253)
Prior fiscal years' insured events	(6,559)	(1,801)	(103)	(82)	(58,307)	(59,262)
Total Payments	(4,971)	(2,070)	(3)	(50)	(75,438)	(76,515)
Change in provision for discount	-	-	-	-	9,600	(25,200)
Total unpaid claims and claims adjustment expenses at the end of the year	$ 7,069	$ 6,559	$ 126	$ 103	$ 500,800	$ 515,000

NOTE 14 - GUARANTEED STUDENT LOAN RESERVES RECALL

During 1997, the Balanced Budget Act (H.R. 2015, Section 6101) was passed, amending Section 422 of the Higher Education Act. The Act requires the Secretary of Education to recall portions of reserve funds held by guarantee agencies. Based on the State's reserve fund balance and the original principal amount of all outstanding insured loans as of September 30, 1996, the Department of Education has determined that the State's required share of the recall of Federal reserve funds is $7,574,859. This amount has been accrued as a liability in the State's financial statements. Within 90 days after the beginning of each of the fiscal years 1998 through 2002, the State is required to transfer twenty percent of their required share to a restricted account. On September 1, 2002, this amount will be recalled by the Department.

NOTE 15 – SCHOOL PERMANENT TRUST FUND

State law permits the permanent fund to use one-tenth of the realized gains and losses in the current and previous years to be included in its calculation of income available for distribution in the current year. When determining the amount of distribution from any of the permanent educational trusts, the board of the permanent fund must consider both preservation of trust corpus and its ability to produce income for future years and the demands for distribution of current income. Any realized gains and losses that are spent must be spent for the purposes for which the trust was established.

Any income in excess of the amount of distribution for the current year can be acted on in one of three ways by the board of the permanent fund:

1. Distribute to the fund beneficiary all or a portion of the income in excess of the previous fiscal year's distribution;
2. Retain for distribution in future years all of a portion of the income in excess of the preceding fiscal year's distribution in an amount not to exceed $10 million; or
3. Add to the permanent fund all or a portion of the income in excess of the preceding fiscal year's distribution.

At June 30, 2002, realized gains and losses available for distribution in the current year totaled $8,773,590 for the permanent educational trusts. This amount is included in Reserved Fund Balances—Undistributed Revenue in the governmental funds balance sheet.

NOTE 16 – BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified balance sheet because current assets are not matched with current liabilities. Presentation of a classified balance sheet would give the false impression that there is a liquidity problem at the bank. Presentation of a classified balance sheet for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the balance sheet of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. LONG-TERM COMMITMENTS

BANK OF NORTH DAKOTA

The 2001 North Dakota Legislature passed House Bill 1015, which included a contingent Bank transfer to the state general fund. If, during the biennium ending June 30, 2003, the director of the Office of Management and Budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 2001 legislative forecast, the Industrial Commission shall transfer to the state general fund an additional amount, as determined by the director of the Office of Management and Budget and as approved by the budget section, from the earnings and accumulated and undivided profits of Bank of North Dakota. The moneys must be transferred in amounts and at such times as requested by the director of the Office of Management and Budget. The additional amount transferred may not exceed the lesser of $25,000,000 or the revenue shortfall of actual collections compared to the March 2001 legislative forecast. As of December 31, 2001, projected revenues exceed the March 2001 legislative forecast for projected revenues.

No transfers may be made which would reduce the Bank's capital structure below $140,000,000.

The 2001 North Dakota Legislature passed House Bill 1023, which authorizes the State Water Commission to issue up to $67,800,000 in bonds and appropriate the proceeds for various statewide water development projects.

Principal and interest on bonds used for projects authorized by House Bill 1023 are payable from transfers to be made and appropriated by the legislative assembly from the Water Development Trust Fund, then from transfers to be made and appropriated by the legislative assembly from revenues in the Resources

Trust Fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from any other revenues the State Water Commission makes available during the then current biennium. If sufficient funds from these sources is not available, then principal and interest on bonds are payable from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota. No appropriation was made from the Bank of North Dakota for statewide water development projects for the 2001-2003 biennium by the Legislature.

The Bank of North Dakota shall extend a line of credit not to exceed $25,000,000 for the biennium ending June 30, 2003, to the State Water Commission for the purpose of interim financing until bonds are issued. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available. As of December 31, 2001, Bank of North Dakota has not funded and has not committed to fund any amount under the line of credit.

The 2001 North Dakota Legislature passed Senate Bill 2249, which amended the Beginning Entrepreneur Loan Guarantee Program. The program provides that the Bank of North Dakota enters into an agreement with a lender that in the event of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, the Bank of North Dakota shall pay the lender the amount agreed upon, which is 85 percent of the amount of principal due the lender on a loan at the time the claim is approved. A lender may apply to the Bank of North Dakota for a loan guarantee for a loan of up to $100,000. The term of the loan guarantee may not exceed five years. The Bank may provide guarantees totaling $3,400,000. As of December 31, 2001, the Bank has provided guarantees totaling $766,000 and has guarantee commitments of $37,000 included in commitments to extend credit.

STUDENT LOAN TRUST

The 2001 Legislature passed House Bill 1015 which provides for an appropriation of $9.0 million from the Trust to the State's general fund during the biennium beginning July 1, 2001, and ending June 30, 2003. The moneys must be transferred in such amounts and at such times as required by the Director of the Office of Management and Budget, and upon certification by the Trust's trustee that sufficient moneys remain available to pay all debt service on Student Loan Trust bonds, all required rebate payments to the U.S. Treasury, and all program operating expenses.

INDUSTRIAL COMMISSION

In July and September of 2001, the Industrial Commission, as part of the Lignite Research, Marketing and Development Program—Vision 21, entered into two contracts for a total of $20,000,000. These contracts authorize payments over a period of years based on completion of the required research and the construction of new lignite-fired power plants in North Dakota. The two contracts are with Great River Energy and Montana-Dakota Utilities/Westmoreland Power Inc. (MDU) for $10,000,000 each. Payments made on the above contracts during fiscal year 2002 totaled $645,500 and $150,000 to Great River Energy and MDU, respectively. Both contracts contain a provision for payback to the Industrial Commission of $4.5 million each over twenty years if new power plants are built and become operational. Total commitments under the contracts would be reduced by $15,292,250 if the power plants are not constructed. In addition, the Commission entered into a contract on November 1, 2001, with Great Northern Power Development L.P. totaling $673,250. Payments totaling $100,000 were made during fiscal year 2002.

MILL AND ELEVATOR

As of June 30, 2002, the Mill had commitments to purchase 1,612,109 bushels of spring wheat and 88,991 bushels of durum.

STATE COURTS

As of June 30, 2002, the state courts had significant commitments of $1,900,969. The majority of the amount consists of indigent defense contracts with law firms around the state to provide legal services for eligible indigent persons at all stages of proceedings as specified in the contracts.

JOB SERVICE NORTH DAKOTA

As of June 30, 2002, Job Service has commitments to pay $1,980,231 for purchase orders and contracts awarded for goods, services, and construction in progress to be provided in future periods. Applicable funds for these commitments are $494,889 federal and $1,485,342 non-federal.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2002, totaling $9,289,000.

The Authority has also committed to fund the Department of Transportation energy conservation project if they decide to proceed with the project prior to June 30, 2003. The amount authorized for financing this project is $353,000.

MUNICIPAL BOND BANK

On April 1, 1997, a Standby Bond Purchase Agreement was executed with the Central Dakota Irrigation District, a political subdivision. Should the District experience financial difficulties, the Bond Bank will purchase Central Dakota Irrigation District’s Refunding Improvement Bonds (warrants) in an aggregate principal amount not

less than the outstanding principal amount of the warrants plus accrued interest on the warrants. The original amount of the warrants issued April 1, 1997, was $3,270,000.

PACE FUND

Funds committed to buy down interest rates on loans, but not yet disbursed at June 30, 2002, totaled $1,979,878.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2002, the Department of Human Services had significant commitments for the purchase of various types of services totaling $28,258,704.

WORKERS COMPENSATION

The Bureau has signed contracts for the construction of a new building. There are contracts with six separate vendors for architecture, general contracting, landscaping, electrical work, plumbing and heating, and ventilation. Total contract payments as of June 30, 2002, totaled $3,246,184, with remaining contract commitments totaling $7,665,591.

PUBLIC SERVICE COMMISSION

As of June 30, 2002, the Public Service Commission had significant commitments of $896,647. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 2002, the Aeronautics Commission had significant commitments of $1,052,904. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

DEPARTMENT OF COMMERCE

As of June 30, 2002, Department of Commerce had significant commitments of $571,941. This amount consists of grants for the research and development of North Dakota agriculture products.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2002, the Dairy Products Commission had significant commitments of $268,250. This amount consists of a contract with Midwest Dairy Association to implement and administer programs intended to contribute to the betterment of North Dakota dairy farmers and the State's dairy industry. The contract also provides the Commission with administrative, financial, and reporting services.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2002, the North Dakota Soybean Council had significant commitments of $281,718. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2002, the State Water Commission had long-term commitments of $45,389,000 for various water projects.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2002, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately $10.45 million of which $8.95 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2002, totaled approximately $156.8 million, of which $126.4 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

UNIVERSITY SYSTEMS

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

	Original Issue	Paid To Date	Amount To Be Paid
UND	$ 12,162	$ 8,868	$ 3,294
NDSU	11,889	5,952	5,937
MiSU	7,967	4,987	2,980
BSC	201	34	167
DSU	207	-	207
NDSCS	2,161	1,609	552
VCSU	1,916	957	959
MaSU	1,312	1,168	144
WSC	5,548	393	5,155

NORTH DAKOTA DEVELOPMENT FUND

The Board of Directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2002, for which funds have not been disbursed or written agreements entered into in the amount of $2,660,312.

OTHER CONSTRUCTION COMMITMENTS

The State has various long-term construction commitments in the following agencies at June 30, 2002 (expressed in thousands):

OMB	$ 359
Historical Society	1,881
Department of Transportation	37,214
Adjutant General	3,135

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State is probable is estimated at $150,000 to $500,000. No accrual has been set up in the financial statements as this loss is covered by insurance. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at $3,000,000 to $102,900,000.

The estimated gain in all the litigation brought by the State in which a gain is probable is estimated at $14,188,842 to $14,388,892. This amount was not accrued in these financial statements.

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The Master Settlement Agreement includes base payments to states totaling $220.6 billion for the next 25 years, and continues in perpetuity. North Dakota's share of the settlement is expected to be $866 million over the next 25 years. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

The State had not settled any cases before June 30, 2002, in which the settlement had not been paid as of June 30, 2002.

C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition.

The single audit of the State of North Dakota for the two year period ending June 30, 2000, was completed in March of 2001. As a result of this audit, approximately $291,000 of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

The 2001-2002 single audit will be issued sometime in March 2003. It is anticipated there will be potential questioned costs against the State as a result of this audit. The State does not believe the results of the audit will have a material impact.

NOTE 18 - SUBSEQUENT EVENTS

HOUSING FINANCE AGENCY

Subsequent to June 30, 2002, the Agency began the process for the issuance of 2002 Series B and C Housing Finance Program Bonds. The 2002 Series B bond issuance is in the amount of $40,000,000. The amount of the 2002 Series C bond issuance will be $11,634,000. Mortgage loans totaling $11,633,314 from the 1983 General Resolution and $9,461,488 from the Agency have been pledged to repay the 2002 C Bonds.

STUDENT LOAN TRUST

On July 2, 2002, the Trust purchased $28,601,000 of student loans from the Bank of North Dakota and on August 2, 2002, purchased additional student loans from the Bank of North Dakota by utilizing $43,977,000 of surplus from the General Bond Resolution (1979).

BUILDING AUTHORITY

On July 11, 2002, the Authority issued $10,665,000 Lease Revenue Refunding Bonds, 2002 Series C with an average interest rate of 3.92 percent. The proceeds of the issue were used for a current refunding of 1993 Series B. The debt will be extinguished on August 15, 2002, and the liability will then be removed from the balance sheet. The current refunding was undertaken to reduce total debt service payments over the next twelve years by $904,000 and resulted in an economic gain of $801,000.

On July 18, 2002, the Authority issued $16,425,000 Lease Revenue Refunding Bonds, 2002 Series D. The proceeds of the issue were used for an advance refunding of 1995 Series A. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded bonds. As of July 18, 2002, $15,225,000 of bonds outstanding is considered defeased and the liability will be removed from the balance sheet. The reacquisition price exceeded the net carrying amount of the old debt by $999,000. This amount is netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt

issued. The current refunding was undertaken to reduce total debt service payments over the next twelve years by $561,000 and resulted in an economic gain of $478,000.

On October 31, 2002, the Authority executed a purchase agreement with Dougherty & Company, LLC for the purchase of $15,145,000 Lease Revenue Refunding Bonds, 2003 Series A. This was a forward delivery current refunding, so the closing (transfer of funds) on this bond issue will not take place until March 5, 2003. The proceeds of the 2003 Series A Bonds will be used to current refund the 1993 Authority Series A Bonds. The forward delivery current refunding was undertaken to reduce the total debt service payments over the next seven years and resulted in a net present value savings of $1,001,000.

WORKERS COMPENSATION

Subsequent to June 30, 2002, Workers Compensation was authorized to establish a subsidiary corporation for the purpose of providing workers' compensation insurance coverage to North Dakota policyholders doing temporary and incidental work in Minnesota. The corporation has been approved to be a stock company, with Workers Compensation being its sole stockholder.

NORTH DAKOTA STATE UNIVERSITY

In July 2002, NDSU received a refund of $417,748 from the Internal Revenue Service resulting from a lawsuit with the IRS over the application of FICA on faculty tenure buyouts. The refund amount does not reconcile to NDSU's claims for refund. NDSU is working with the IRS on reconciling the differences so the proper funds can be credited. It is expected that differences will be reconciled in fiscal year 2003.

In August 2002, $20.4 million of MIDA bonds were issued by the City of Fargo on behalf of the NDSU Research and Technology Park, Inc., a discretely presented component unit. The MIDA bonds were issued to finance construction of a second research facility on the campus of NDSU and to purchase equipment for the facility. Under the arrangement, the City issued bonds and leased the completed facility and the land to the NDSU Research and Technology Park, Inc.

In August 2002, $3 million of revenue bonds were issued by NDSU to finance construction of an addition to Minard Hall on the main campus of NDSU. The revenue bonds will be repaid from the pledged revenue of the NDSU Housing and Auxiliary Revenue System.

UNIVERSITY OF NORTH DAKOTA

On July 1, 2002, the UND Foundation (Foundation) issued $8,595,000 lease revenue bonds to (i) finance the construction of an office building for the Energy and Environmental Research Center (EERC) of UND; (ii) renovate the current building occupied by the EERC; and (iii) finance capitalized interest and pay costs of issuance related to the bonds. The Foundation will lease certain property to UND pursuant to a lease agreement dated as of July 1, 2002, under which the aggregate of basic rents to be paid by UND, subject to biennial appropriations by the North Dakota Legislature, will be sufficient in amount and payable at such times to pay principal of and interest on the bonds when due. The repayment period extends to June 1, 2027, with interest from 2.5% to 5.0%

BISMARCK STATE COLLEGE

Subsequent to June 30, 2002, BSC incurred a note payable with GE Capital Public Finance for energy performance contracting in the amount of $1,492,000. The note bears interest at the rate of 5.01% and is payable in monthly installments beginning July 1, 2003, through July 1, 2013.

MUNICIPAL BOND BANK

On August 21, 2002, the Industrial Commission approved the issuance of a total $1,700,000 of Capital Financing Program Bonds, Series 2002 A. These bonds are for the express purpose of providing funds to political subdivisions for use in connection with various improvement, construction, and refinancing projects. Interest rates vary from 3.00% to 5.60%, with maturities ranging from June 1, 2003, to June 1, 2028.

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
June 30, 2002

	Approved Budget 2001-2003 Biennium	Appropriation Adjustments 2001-2003 Biennium	Adjusted Budget 2001-2003 Biennium	Actual Biennium To Date Thru 6-30-02	Difference Uncollected/ Unspent Thru 6-30-02
Budgetary fund balance, July 1	$ 52,662,700	$ 12,167,965	$ 64,830,665	$ 73,147,806	$ 8,317,141
Resources (inflows):					
Sales And Use Tax	643,705,000	-	643,705,000	308,664,333	(335,040,667)
Income Tax	555,286,000	-	555,286,000	238,131,389	(317,154,611)
Business Privilege Tax	4,800,000	-	4,800,000	2,565,548	(2,234,452)
Oil And Gas Production Tax	38,431,000	-	38,431,000	20,530,727	(17,900,273)
Oil Extraction Tax	23,569,000	-	23,569,000	10,466,737	(13,102,263)
Insurance Premium Tax	39,896,000	-	39,896,000	23,347,204	(16,548,796)
Cigarette, Cigar And Tobacco Tax	38,796,000	-	38,796,000	20,167,582	(18,628,418)
Wholesale Liquor Tax	10,540,543	-	10,540,543	5,493,782	(5,046,761)
Coal Conversion Tax	48,670,000	-	48,670,000	23,328,502	(25,341,498)
Gaming Tax	20,403,000	-	20,403,000	13,737,222	(6,665,778)
Department Fees And Collections	48,977,350	-	48,977,350	28,311,891	(20,665,459)
Mineral Leasing Fees	6,757,500	-	6,757,500	2,979,585	(3,777,915)
Motor Vehicle Excise Tax	113,531,000	-	113,531,000	60,679,675	(52,851,325)
Interest On Public Funds	21,011,000	-	21,011,000	5,529,692	(15,481,308)
Gas Tax Administration	1,363,392	-	1,363,392	681,696	(681,696)
Transfers In	90,578,922	-	90,578,922	30,085,309	(60,493,613)
Total revenue inflows	1,706,315,707	-	1,706,315,707	794,700,874	(911,614,833)
Amounts Available for appropriation	1,758,978,407	12,167,965	1,771,146,372	867,848,680	903,297,692
Charges to appropriations (outflows):					
General Government	158,957,439	406,703	159,364,142	69,875,941	89,488,201
Education	597,225,913	115,766	597,341,679	288,757,922	308,583,757
Health & Human Services	390,302,863	1,765,630	392,068,493	209,446,717	182,621,776
Regulatory	13,190,849	30,856	13,221,705	7,406,695	5,815,010
Public Safety	111,181,566	3,883,434	115,065,000	58,965,699	56,099,301
Agriculture & Economic Development	20,476,683	25,339	20,502,022	9,670,852	10,831,170
Natural Resources	25,551,669	1,643,470	27,195,139	13,060,842	14,134,297
Transportation	550,000	-	550,000	334,817	215,183
Transfers Out	429,546,731	71,971	429,618,702	205,731,184	223,887,518
Total charges to appropriations	1,746,983,713	7,943,169	1,754,926,882	863,250,669	891,676,213
Ending budgetary fund balance	$ 11,994,694	$ 4,224,796	$ 16,219,490	$ 4,598,011	$ (11,621,479)

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
June 30, 2002

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	794,700,874
Differences-budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	20,628,784
Repayment received from nursing homes on short-term loans. This is not GAAP revenue so it was backed out on the finanacial statements but not budget.	(6,645,238)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 808,684,420

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	863,250,669
Differences-budget to GAAP:	
Certain Payments made as short-term loans to nursing homes. These payments are expenditures for budget purposes. For GAAP, the expenditures are eliminated.	(6,645,238)
Estimated liabilities are recorded as expenditures for GAAP but not for budget purposes.	(4,155,992)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 852,449,439

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2002

The Budgetary Comparison Schedule presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. Other funds are budgeted as "Other Budgeted Income" and are not identified by specific fund. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota Interim 2001-2003 Biennium Budget and Actual Detail (Budgetary Basis) For The Fiscal Year Ended June 30, 2002." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND, 58505. During 2002, the first year of the 2001-2003 biennium, there were general fund supplemental appropriations of $7,871,198.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2002, has been presented on the previous page.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

AGRICULTURE

219 - Milk Marketing Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-18.1)

224 - Alcohol Motor Vehicle Fuel Fund
Funds used for the enhancement of agricultural research, development, processing, and marketing. (NDCC 4-14.1)

260 - Minor Use Pesticide Fund
Accounts for registration and donations to the pesticide control board. (NDCC 4-35)

264 - Anhydrous Ammonia Storage Inspection Fund
Account for inspection fees collected which are related to the distribution of anhydrous ammonia. (NDCC 19-20.2)

306 – Stockmen's Association Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 36-22)

308 - Agriculture Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-01)

329 - Seed Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-09, 4-10, and 4-11)

376 - Environment and Rangeland Protection Fund
To be used for rangeland improvement projects. (NDCC 19-18)

972 - Home Quarter Purchase Fund
This fund is for the subsidy of interest rates on home-quarter purchases. "Home-quarter" serves as the base unit of a farm and upon which the farm residence and buildings are located. (NDCC 6-09.10)

COMMODITY PROMOTION

208 - Soybean Council Fund
To promote the sale of North Dakota soybean products. (NDCC 4-10.5)

220 - Spud Fund
To promote the sale of North Dakota potato products. (NDCC 4-10.1)

221 - Turkey Promotion Fund
To promote the sale of North Dakota turkey products. (NDCC 4-13.1)

223 - Honey Promotion Fund
To promote the sale of North Dakota honey products. (NDCC 4-12.1)

227 - Dry Pea and Lentil Council Fund
To promote the sale of North Dakota dry pea and lentil bean products. (NDCC 4-10.7)

228 - Wheat Commission Fund
To promote the sale of North Dakota wheat products. (NDCC 4-28)

229 - Beef Commission Fund
To promote the sale of North Dakota beef products. (NDCC 4-34)

231 - Barley Growers Check-Off
To promote the sale of North Dakota barley products. (NDCC 4-10.4)

241 - Edible Bean Fund
To promote the sale of North Dakota edible bean products. (NDCC 4-10.3)

245 - Oilseed Fund
To promote the sale of North Dakota oilseed products. (NDCC 4-10.2)

270 - Corn Fund
To promote the sale of North Dakota corn products. (NDCC 4-10.6)

309 - Dairy Products Promotion Fund
To promote the sale of North Dakota dairy products. (NDCC 4-27)

COMMERCE

330 - Economic Development Commission Fund
Accounts for revenues and expenditures associated with the general operation of the economic development division. (NDCC 54-34)

342 – Community Services Fund
Accounts for revenues and expenditures associated with the general operation of the division of community services. (NDCC 54-44.5)

443 - Tourism Fund
Accounts for revenues and expenditures associated with the general operation of the tourism division. (NDCC 54-34.4)

CULTURAL AND NATURAL RESOURCES

216 - Non-Game Wildlife Fund
Funds used for the preservation, inventory, perpetuation, and conservation of non-game wildlife, natural areas, and nature preserves in this state. (NDCC 20.1-02)

234 - Fossil Excavation and Restoration Fund
Used for funds received by the geological survey for the excavation and restoration of fossils. (NDCC 54-17.4)

236 - State Waterbank Fund
Funds used for the purpose and implementation of wetland conservation and development plans. (NDCC 61-31)

249 - Surface Mine and Reclamation Fund
Funds used for the purpose of reclaiming land affected by surface coal mining operations. (NDCC 38-14.3)

253 - Historical Impact Emergency Fund
Used for emergency mitigation of adverse effects on cultural resources and historical buildings, structures, or objects in the state. (NDCC 55-02)

267 - Water Development Trust Fund
To be used to address the long-term water development and management needs of the state. (NDCC 54-27)

314 (934) - Lignite Research Fund
Funds used for contracts for land reclamation research projects and for research, development, and marketing of lignite and products derived from lignite. (NDCC 57-61)

317 - Oil and Gas Reservoir Data Fund
Funds used for defraying the costs of providing reservoir data compiled by the Industrial Commission to state, federal, and county departments and agencies, and members of the general public. (NDCC 38-08)

327 - State Historical Revolving Fund
Used for making investigations of permit applicants and for the management and analysis of records and artifacts. (NDCC 55-03)

377 - Historical Society Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 55-02)

397 - Water Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 61-02)

399 - Arts and Humanities Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-54)

415 - Historical Society Gift & Bequests Fund
All moneys coming into the hands of the State Historical Board as a grant, bequest, donation, etc., is deposited into this fund. Moneys must be paid out for the purposes prescribed by the donor and approved by the board. (NDCC 55-01)

445 - Abandoned Mine Reclamation Setaside Fund
To defray the administrative expenses of the program. (NDCC 38-14.2, effective 9/20/04)

448 - Abandoned Oil and Gas Reclamation Fund
Funds used for contracting the plugging of abandoned wells and for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and excess roads. (NDCC 38-08)

488 - Habitat and Depredation Fund
Funds used to improve private land habitats. (NDCC 20.1-02)

EDUCATION

206 (959) – Land Maintenance Fund
Ten percent of the income derived from state assets under control of the Board of University and School Lands to be used for the general operation of the department. (NDCC 15-03)

235 - Displaced Homemakers Fund
Funds for providing services for displaced homemakers. (NDCC 14-06.1)

271 - Vision Aids and Appliances Fund
Used by the School for the Blind to purchase and resell vision specific adaptive aids, devices and appliances to be used by blind and visually impaired persons resident in state. (NDCC 25-06)

274 – Independent Study Operating Fund
Accounts for the revenues and expenditures associated with the general operations of the Division of Independent Study. (NDCC 15-19)

353 - School for the Deaf Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

354 - School for the Blind Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

390 - Library Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 40-38)

391 - Public Instruction Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15.1-02)

393 – Vocational Education Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15-20.1)

440 - State Tuition Fund
Funds are to pay the amount apportioned among the several school districts of the state in proportion to the number of children of school age residing in each. (NDCC 15-44)

496 - Foundation Aid Stabilization Fund
Accounts for one-half of 20 percent of the revenue from oil extraction taxes collected and used to offset foundation aid reductions due to a revenue shortage. (Constitution of North Dakota, Art. X, Section 24)

702 - Department of Public Instruction-Printing Revolving Fund
Funds collected by the superintendent of public instruction as payment from schools for instructional materials developed and printed by the superintendent shall be paid into the printing revolving fund. (NDCC 15.1-03)

948 - School for the Blind - Federal Quota
Account for funds made available to buy text books from the American Printing House for the Blind Incorporated. (NDCC 15-59)

HEALTH AND HUMAN SERVICES

215 - Children's Services Coordinating Committee Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-56)

254 - Employment of People With Disabilities Fund
This fund is for the development of job opportunities for disabled individuals in this state. (NDCC 39-01)

257 - Organ/Tissue Transplant Fund
To provide financial assistance to transplant patients. (NDCC 23-01)

258 - Quality Restoration Fund
Moneys recovered from parties responsible for an environmental emergency. Used for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis. (NDCC 23-31)

313 - Environmental Health Practitioners License Administrators Fund
Accounts for revenues and expenditures associated with advisory board duties. (NDCC 43-43)

315 - ND Health Care Trust Fund
Funds to be used for long-term care reform. (NDCC 50-30)

316 - Community Health Trust Fund
To be used for community-based public health systems and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in the state. (NDCC 54-27)

318 - Indian Affairs Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-36)

360 - Human Services Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 50-06)

370 - Health and Consolidated Laboratories Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 23-01)

371 - Wastewater Operators Certificate Fund
The health department shall regulate waste treatment plants, water distribution systems, and wastewater treatment plants and provide operator training to protect the public health and prevent pollution of the waters of the state. (NDCC 23-26)

381 – Long-Term Care Facility Loan Fund
A revolving loan fund for the purpose of making loans to nursing facilities, basic care facilities, and assisted living facilities. (NDCC 6-09.16)

419 - Children's Trust Fund
To aid in the prevention of child abuse and neglect and developing child abuse prevention programs. (NDCC 50-27)

462 - Domestic Violence Prevention Fund
Used for grants to private nonprofit organizations that are engaged in providing emergency housing for victims of domestic violence and their dependents. (NDCC 14-03)

931 - Human Services Donor Implied Trust Fund
Funds donated with informal requests to be used for the welfare of the patients the department serves. (NDCC 15-67)

938 - State Hospital - Special Revenue Fund
Accounts for funds donated for the patients' religious and welfare needs. (NDCC 25-01)

996 - Developmental Center Residents Welfare Fund
Accounts for funds donated for the residents' needs. (NDCC 25-01)

JUDICIAL AND LEGAL

204 - Attorney General Asset Forfeiture Fund
Funds obtained from the authorized sale of assets seized and forfeited from narcotics investigations and arrests. (NDCC 54-12)

237 - Indigent Civil Legal Services Fund
Funds to provide legal services to persons unable to afford private counsel. (NDCC 54-06)

250 - Attorney General Refund Fund
Accounts for financial resources of the consumer fraud division. (NDCC 54-12)

312 - State Courts
Revenues are from a filing fee charged by the clerk of the supreme court. Moneys are used to procure the necessary records, supplies and furniture to be used by the supreme court. (NDCC 27-03)

322 - Attorney General Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-12)

328 - Judicial Conduct Commission Fund
Funds to investigate complaints against any judge in the state and to conduct hearings concerning the discipline, removal, or retirement of any judge. (NDCC 27-23)

339 - Horse Racing Fund
Revenues are intended to promote racing, supplement purses, and award racehorse breeders in addition to operating expenses of the Racing Commission. (NDCC 53-06.2)

935 - Five State Judicial Council
Funds to provide an account for moneys related to the sponsoring of a judicial conference for justices and judges from the participating states. (OMB Policy 211)

LAND DEPARTMENT COAL AND MINERAL

493 (955) - Land and Minerals Trust:
Income derived from the sale, lease, and management of the mineral interests acquired by the Board of University and School Lands. (NDCC 15-08.1)

515(956) - Coal Development Trust
Revenues are from severance tax on coal. The fund is held in trust and administered by the Board of University and School Lands for loans to coal impacted political subdivisions. (NDCC 57-62)

LOCAL GOVERNMENT

238(925) - Energy Development Impact
Accounts for monies to be distributed through grants to coal impacted political subdivisions. (NDCC 57-62)

240 - Insurance Tax Distribution Fund
Accounts for financial resources for fire departments within the State. (NDCC 18-04)

400 - Highway Tax Distribution Fund
Accounts for collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes that are allocated to counties, cities, and other political subdivisions for the construction and maintenance of highways. (NDCC 54-27)

401 - State Aid Distribution Fund
Accounts for a portion of sales, use, and motor vehicle excise taxes that are deposited into this fund and are allocated to local political subdivisions. (NDCC 57-39.2)

405 - Financial Institution Tax Distribution
Accounts for a tax imposed on each financial institution for distribution to counties. (NDCC 57-35.3)

412 - Coal Severance Tax Distribution Fund
Accounts for a portion of the tax imposed upon all coal severed for sale or for industrial purposes by coal mines to be distributed to counties. (NDCC 57-61)

416 - Federal Tax Replacement Fund
Accounts for collecting federal funds and distributes those funds back to counties for Flood Control, Taylor Grazing and National Forests. (NDCC 15-01)

420 - Cigarette Tax Distribution Fund
Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities. (NDCC 57-36)

424 – Telecommunications Carriers Tax Fund
Accounts for the telecommunications carriers' tax that is allocated to counties. (NDCC 57-34)

427 - Oil and Gas Production Tax Distribution Fund
Accounts for a portion of real property tax on oil and gas producing mineral estates and interests to be allocated to counties. (NDCC 57-51)

431 - Transmission Line Tax Distribution Fund
Accounts for tax of transmission lines and the allocation to counties in which such transmission lines are located. (NDCC 57-33.1)

444 - Township Road and Bridge Fund
Moneys from the Township Highway Aid Fund and fifty percent matching funds based on the length of township roads in each organized township compared to the length of all township roads in the county. Used for highway and bridge purposes. (NDCC 54-27)

446 – Gaming and Excise Tax Allocation Fund
Accounts for a portion of gaming and excise taxes that are deposited in this fund for distribution to cities and counties. (NDCC 53-06.1)

454 - Coal Conversion Tax Trust Fund
Accounts for a portion of the tax paid monthly for the privilege of producing products of such coal conversion facility to be allocated to counties. (NDCC 57-60)

468 - Estate Tax Distribution Fund Monies collected from Estate Tax. Following the end of each calendar quarterly period the state treasurer shall pay over to the county treasurer of the appropriate county, for its general fund, the amount of tax collected on the transfer of the property in that county. (NDCC 57-37.1)

494 - Air Transportation Fund
Taxes imposed upon air transportation companies. Within ninety days after receipt the funds must be allocated and remitted by the state treasurer to the cities or municipal airport authorities where such transportation companies make regularly scheduled landings. (NDCC 57-32)

OIL TAX RESOURCES

469 - Oil Tax Resources Trust Fund
Funds to be used by the state water commission for planning for and construction of water-related projects, including rural water systems. (NDCC 57-51.1)

OTHER SPECIAL

212 - Statewide Conference
Accounts for revenues and expenditures for state agencies that have conferences. (OMB Policy 211)

246 - State Auditor's Operating Fund
Accounts for revenues and expenditures associated with the operations of the political subdivision of the Office. (NDCC 54-10)

251 - Capitol Grounds Planning Fund
Funds dedicated to implement the Capitol Grounds Master Plan for the development of the capitol grounds. (NDCC 48-10)

256 - Bicentennial Trust Fund
Fund to be used to commemorate and celebrate North Dakota's bicentennial. (NDCC 54-11)

259 - Legislative Services Fund
Accounts for fees received for providing legislative information services and copies of documents. (NDCC 54-35)

263 - Secretary of State General Services Fund
Accounts for revenues and expenditures relating to certain services provided by the department. (NDCC 54-09)

266 - Administrative Hearings Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-57)

272 – Multistate Tax Commission Fund
Accounts for expenditures of the multistate tax commission. (2001 S.L., HB 1006)

302 – Athletic Commission Fund
Accounts for revenues and expenditures associated with the athletic advisory board. (NDCC 53-01)

304 - Governor's Special Fund
Moneys that have become available during the biennium from federal funds and private funds. (2001 S.L. ch. 1, Sec. 2,)

307 - Veterinary Medical Exam Fund
Fund used by the North Dakota state board of veterinary medical examiners for the purpose of licensing and policing the requirements of their industry. (NDCC 43-29)

384 - Jobs Training Program Fund
Accounts for projects established by job service North Dakota to provide workers with education and training required for jobs in new or expanding primary sector businesses in the state. (NDCC 52-02.1)

392 - Insurance Recoveries Property Fund
Funds from insurance claims for damaged or destroyed property are deposited into this fund. Agencies are allowed to incur expenditures to replace this property, but are limited by the amount collected and deposited into the fund. (NDCC 54-44.1)

460 - Preliminary Planning Revolving Loan Fund
Used for the prepayment of consulting and planning fees for new capital improvements and major remodeling of existing facilities. (NDCC 54-27)

603 - Concession Fund - State Historical Society
Funds received in the normal course of business from concession operations actually carried on by the state as a proprietor. All moneys are expended in the course of carrying on the business activities of such concession operations. (NDCC 55-02)

701 - Postage Revolving Fund
Fund collections from the state offices, departments, and agencies, for postage, shall be paid into the fund. (NDCC 48-06)

730 - Central Personnel Training Fund
Fund used for the coordination of employee training and development programs to state departments and agencies. (NDCC 54-44)

902 - Capitol Renovation Fund
Funds dedicated and reserved for the exclusive use of renovations needed to the capitol buildings and grounds. (NDCC 48-10)

968 - Job Service - Special Revenue
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 52-02)

997 – Capitol Building Fund
Accounts for moneys accumulated from the sale or leasing of any lands granted in the Enabling Act for the purpose of erecting public buildings at the capital for legislative, executive and judicial purposes. (The Enabling Act, Section 12)

PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION (PACE) FUNDS

916 - Partnership in Assisting Community Expansion Fund
Fund to buy down the interest rate on loans made by a lead financial institution in participation with the Bank of North Dakota. (NDCC 6-09.14)

917 - Agricultural PACE Fund
Fund to reduce the interest rate on loans made for a farm business (i.e. purchase of real property and equipment, expansions, working capital and purchase of inventory). (NDCC 6-09.13)

PERMANENT OIL TAX TRUST

432 - Permanent Oil Tax Trust Fund
Accounts for oil and gas tax revenues in excess of the amount specified for deposit in the general fund. (NDCC 57-51.1)

PUBLIC SAFETY AND CORRECTIONS

214 - National Guard Emergency Fund
Funds used for costs of the national guard in performing emergency State services. (NDCC 37-01)

366 - Penitentiary - Land Replacement Fund
Fund used for the acquisition of additional land and facilities to maintain, expand, or relocate the state farm and the farming and ranching operations of the North Dakota state penitentiary and for penitentiary renovation. (NDCC 54-23.3)

372 - Crime Victims Gift Fund
All donations to the department of corrections and rehabilitation in the form of restitution funds, gifts, grants and bequests of property or money, and any interest accruing, must be placed in this fund. (NDCC 54-23.4)

373 - Radio Communications Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-23.2)

375 - Emergency Management Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-17.1)

378 - State Hazardous Chemicals Fund
Account for revenue collected from the state hazardous chemical fee system. (NDCC 37-17.1)

379 - Department of Corrections Operating
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 12-47)

383 - National Guard Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-01)

385 - National Guard Military Grounds Fund
Funds used for the improvement of the properties for military uses. (NDCC 37-03)

RECREATION

222 - Game and Fish Department Fund
Accounts for the revenues and expenditures associated with the operation of the game and fish department. (NDCC 20.1-02)

261 - Snowmobile Fund
Fund for administering snowmobile safety programs and establishing and maintaining snowmobile facilities. (NDCC 39-24)

265 - State Parks Gift Fund
All donations to the state parks and recreation department in the form of gifts, trusts, and bequests of property or money, and any interest accruing thereon, must be placed in the fund. (NDCC 55-08)

398 - Parks and Recreation Fund
Accounts for revenues and expenditures associated with the general operation of the parks and recreation department. (NDCC 55-08)

441 - Trail Tax Transfer Fund
Fund used for all-terrain vehicle safety education and promotion. (NDCC 39-29)

602 - State Parks Concession Fund
Fund used for the procurement of supplies of a suitable nature for the operation of concession stands at the state parks. Also for repair, replacement construction, and maintenance of concession buildings, facilities, and properties. (NDCC 55-08)

REGULATORY

209 - Unsatisfied Judgment Fund
Funds to pay for damages occurring from a motor vehicle accident when a judgment has been rendered and the judgment debtor is unable to satisfy the claim. (NDCC 26.1-23)

233 - Petroleum Release Compensation Fund
Funds to provide for cleanup of petroleum spills through the establishment of a petroleum release compensation fund. (NDCC 23-37)

239 - Insurance Regulatory Trust Fund
Funds to defray the expenses of the insurance department in the discharge of its administrative and regulatory powers and duties. (NDCC 26.1-01)

242 - Financial Institution Regulatory Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 6-01)

248 - Public Service Commission Valuation Fund
Accounts for revenues and expenditures associated with rate hearings, investigations and proceedings. The utility being investigated pays these expenses. (NDCC 49-02 and 49-21)

262 - Securities Protection Fund
Accounts for revenues and expenditures from civil penalties collected from securities enforcement actions. (NDCC 10-04)

305 - Industrial Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-36)

TRANSPORTATION

200 - Highway Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 24-02)

202 - Abandoned Vehicle Fund
Funds used to dispose abandoned motor vehicles and other forms of scrap metal. (NDCC 39-26)

205 - Motorcycle Safety Fund
Motorcycle safety education fees used for promoting motorcycle safety. (NDCC 39-28)

217 – Motor Vehicle Registration Fund
Fees from dealer registrations are to be deposited in this fund. (NDCC 39-22)

225 – State Infrastructure Bank (SIB)
Funds for funding eligible projects as determined by agreement of the members of the multi-state infrastructure bank. (NDCC 24-02)

230 - Special Road Fund
Used for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas. (NDCC 24-02)

232 - Public Transportation Fund
A fee for each motor vehicle registered is deposited in this fund and is used to establish and maintain public transportation, especially for the elderly and handicapped. (NDCC 39-04.2)

324 - Aeronautics Commission Special Fund
This fund is unclaimed refund revenue collected by the aeronautics commissioner and shall be administered and expended by the aeronautics commission for construction, reconstruction, repair, maintenance, and operation of airports near communities, recreational areas, or parks and for necessary expenses and for the purchase of land and easements for such facilities. (NDCC 57-43.3)

VETERANS

368 - Veterans Aid Fund
The sum of seven hundred thousand dollars is a permanent revolving fund of the veterans' aid fund and is used solely for the purpose of making loans to veterans. (NDCC 37-14)

380 - Soldiers Home Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-15)

410 - Veterans Postwar Trust Fund
Fund is utilized for programs of benefit and service to veterans or their dependents. (NDCC 37-14)

433 - Veterans Cemetery Fund
Funds used for the maintenance and operation of the Veteran's Cemetery. (NDCC 37-03)

491 - Veterans' Cemetery Trust Fund
Accounts for distinctive motor license plates fees for the operation of the Veterans' Cemetery. (NDCC 39-04)

941 – Commandant's Fund
A conglomerate of funds from interest, sales of crafts, bus charges, cable television, and donations to the home from the many organizations that donate to the home. These donations are earmarked for a specific use or purpose. (NDCC 37-15)

Capital Projects Funds

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

BUILDING AUTHORITY

960 - Building Authority Capital Projects Fund
Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings. (NDCC 54-17.2)

WATER COMMISSION

961 - Water Commission - Capital Projects Fund
Account for the construction of water related projects, including rural water systems. (NDCC 61-02)

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority. (NDCC 54-17.2)

LIGNITE RESEARCH

928 - Lignite Research Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Industrial Commission of North Dakota to assist Dakota Gasification Company with the funding of construction of an anhydrous ammonia plant. (NDCC 54-17.5)

WATER COMMISSION

962 - Water Commission Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the State Water Commission. (NDCC 61-02)

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
ASSETS						
Cash Deposits at the Bank of ND	$ 5,288,842	$ 2,582,241	$ 5,011,241	$ 43,361,636	$ 15,632,401	$ 29,485,821
Cash and Cash Equivalents	183,939	1,597,268	-	6,400	298,069	689,796
Investments at the Bank of ND	1,393,742	-	2,800,000	4,112,228	-	9,640,000
Investments	-	1,220,000	-	295,000	-	32,315,537
Accounts Receivable - Net	216,121	1,188,522	847	-	2,493,474	4,792,747
Taxes Receivable - Net	36,665	-	-	46,325	174,927	397
Interest Receivable - Net	785	4,335	299,924	14,249	-	24,403
Intergovernmental Receivable - Net	-	-	-	906,185	-	1,093,168
Due from Other Funds	6,237	8,835	1,821	1,227,119	18,083	13,414,468
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	127,247	-
Loans and Notes Receivable - Net	5,136	-	10,430,615	4,017,569	-	2,608,185
Total Assets	$ 7,131,467	$ 6,601,201	$ 18,544,448	$ 53,986,711	$ 18,744,201	$ 94,064,522
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 102,647	$ 561,332	$ 112,246	$ 3,495,119	$ 48,408	$ 1,596,977
Accrued Payroll	147,043	82,382	3,757	32,484	197,208	604,623
Securities Lending Collateral	-	-	-	-	-	3,682,134
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	315,956	-	-
Tax Refunds Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	181,131	-	-
Due to Other Funds	21,082	67,620	16,090	273,220	406,130	9,982,021
Deferred Revenue	50,472	-	-	53,636	842,292	-
Other Liabilities	-	-	-	-	-	-
Total Liabilities	321,244	711,334	132,093	4,351,546	1,494,038	15,865,755
Fund Balances:						
Reserved for:						
Inventory	-	-	-	-	127,247	-
Long - Term Receivables	5,136	-	10,430,615	4,017,569	-	2,608,185
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Permanent Trust Fund						
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	422,151
Unreserved, undesignated	6,805,087	5,889,867	7,981,740	45,617,596	17,122,916	75,168,431
Total Fund Balances	6,810,223	5,889,867	18,412,355	49,635,165	17,250,163	78,198,767
Total Liabilities and Fund Balances	$ 7,131,467	$ 6,601,201	$ 18,544,448	$ 53,986,711	$ 18,744,201	$ 94,064,522

(Continued On Next Page)

Special Revenue Funds							
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ 8,376,925	$ 1,874,144	$ 32,235,419	$ 379,692	$ 3,398,125	$ 15,304,369	$ 13,179,298
222,753	-	1,031,589	-	16,227	-	-
3,805	-	-	15,950,000	519,845	-	-
-	22,675,674	-	-	234,851	-	-
1,256,027	-	375,704	489	153,468	-	-
-	217,794	37,615,834	349,854	208,344	-	-
6,467	232,036	-	61,407	152,131	-	-
-	-	-	-	-	-	-
75,165	125,647	-	15,317	125,904	-	-
-	-	-	-	-	943,786	-
-	-	-	-	418,794	-	-
-	33,489,637	-	5,939,599	-	-	-
$ 9,941,142	$ 58,614,932	$ 71,258,546	$ 22,696,358	$ 5,227,689	$ 16,248,155	$ 13,179,298
$ 125,381	$ -	$ -	$ -	$ 358,808	$ -	$ -
103,244	8,602	-	-	100,779	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,695,377	-	-	-	-
-	-	75	-	-	-	-
-	-	-	-	5,665	-	-
25,386	364,531	-	186,736	19,073	-	-
-	-	8,715,110	-	106,594	-	-
-	-	-	-	-	-	-
254,011	373,133	30,410,562	186,736	590,919	-	-
-	-	-	-	418,794	-	-
-	33,489,637	-	5,939,599	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	943,786	-
-	-	-	-	-	10,763,063	-
3,860	-	-	-	-	4,541,306	-
-	-	-	-	-	-	-
9,683,271	24,752,162	40,847,984	16,570,023	4,217,976	-	13,179,298
9,687,131	58,241,799	40,847,984	22,509,622	4,636,770	16,248,155	13,179,298
$ 9,941,142	$ 58,614,932	$ 71,258,546	$ 22,696,358	$ 5,227,689	$ 16,248,155	$ 13,179,298

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2002

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 2,745,228	$ 6,950,155	$ 4,175,979	$ 50,470,003	$ 879,213	$ 241,330,732
Cash and Cash Equivalents	7,561	657,849	15,243	156,210	140,371	5,023,275
Investments at the Bank of ND	-	14,253,900	-	-	-	48,673,520
Investments	-	-	9,539,537	-	3,826,772	70,107,371
Accounts Receivable - Net	763,114	40,248	84,770	725,480	211,960	12,302,971
Taxes Receivable - Net	-	104,937	52,946	6,302,335	-	45,110,358
Interest Receivable - Net	-	34	80,218	198,723	91,612	1,166,324
Intergovernmental Receivable - Net	-	-	-	940,210	-	2,939,563
Due from Other Funds	11,770	3,517,792	290,976	9,478,982	1,993	28,320,109
Prepaid Items	-	-	-	-	-	943,786
Inventory	-	55,871	123,251	4,460,197	-	5,185,360
Loans and Notes Receivable - Net	-	-	-	4,780,408	258,421	61,529,570
Total Assets	$ 3,527,673	$ 25,580,786	$ 14,362,920	$ 77,512,548	$ 5,410,342	$ 522,632,939
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 603,678	$ 907,867	$ 56,404	$ 8,821,709	$ 21,632	$ 16,812,208
Accrued Payroll	67,513	670,970	241,768	3,122,396	44,008	5,426,777
Securities Lending Collateral	-	-	1,109,534	-	27,002	4,818,670
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	49,955	-	22,061,288
Tax Refunds Payable	-	-	62,401	580,084	-	642,560
Contracts Payable	7,669	-	-	1,013,612	-	1,208,077
Due to Other Funds	167,353	769,373	1,600,882	1,324,917	5,972	15,230,386
Deferred Revenue	245,704	-	58,351	25,870	1,462	10,099,491
Other Liabilities	-	-	-	-	-	-
Total Liabilities	1,091,917	2,348,210	3,129,340	14,938,543	100,076	76,299,457
Fund Balances:						
Reserved for:						
Inventory	-	55,871	123,251	4,460,197	-	5,185,360
Long - Term Receivables	-	-	-	4,780,408	258,421	61,529,570
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	943,786
Permanent Trust Fund						
Legal Requirements	-	-	-	-	-	10,763,063
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	4,545,166
Patients Welfare	-	-	-	-	38,312	460,463
Unreserved, undesignated	2,435,756	23,176,705	11,110,329	53,333,400	5,013,533	362,906,074
Total Fund Balances	2,435,756	23,232,576	11,233,580	62,574,005	5,310,266	446,333,482
Total Liabilities and Fund Balances	$ 3,527,673	$ 25,580,786	$ 14,362,920	$ 77,512,548	$ 5,410,342	$ 522,632,939

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Building Authority	Lignite Research	Water Commission	Total	Building Authority	Water Commission	Total	
$ 505,000	$ 116	$ 2,741,787	$ 3,246,903	$ 16,023,000	$ 3,645,108	$19,668,108	$ 264,245,743
-	-	1,720,576	1,720,576	-	88,283	88,283	6,832,134
11,384,000	882,500	-	12,266,500	-	-	-	60,940,020
-	-	-	-	-	-	-	70,107,371
-	-	-	-	-	-	-	12,302,971
-	-	-	-	-	-	-	45,110,358
-	6,784	90,517	97,301	-	98	98	1,263,723
-	-	33,311	33,311	-	-	-	2,972,874
93,000	-	-	93,000	-	-	-	28,413,109
-	-	-	-	-	-	-	943,786
-	-	-	-	-	-	-	5,185,360
-	-	-	-	-	-	-	61,529,570
$ 11,982,000	$ 889,400	$ 4,586,191	$ 17,457,591	$ 16,023,000	$ 3,733,489	$19,756,489	$ 559,847,019
$ -	$ -	$ -	$ -	$ 231,000	$ 1,722,321	$ 1,953,321	$ 18,765,529
-	-	-	-	-	-	-	5,426,777
-	-	-	-	-	-	-	4,818,670
-	31,220	-	31,220	-	-	-	31,220
-	-	-	-	-	-	-	22,061,288
-	-	-	-	-	-	-	642,560
-	-	-	-	-	-	-	1,208,077
-	-	-	-	6,038,000	-	6,038,000	21,268,386
-	-	-	-	-	-	-	10,099,491
267,000	-	-	267,000	-	-	-	267,000
267,000	31,220	-	298,220	6,269,000	1,722,321	7,991,321	84,588,998
-	-	-	-	-	-	-	5,185,360
-	-	-	-	-	-	-	61,529,570
11,715,000	858,180	4,586,191	17,159,371	-	-	-	17,159,371
-	-	-	-	9,754,000	2,011,168	11,765,168	11,765,168
-	-	-	-	-	-	-	943,786
-	-	-	-	-	-	-	10,763,063
-	-	-	-	-	-	-	4,545,166
-	-	-	-	-	-	-	460,463
-	-	-	-	-	-	-	362,906,074
11,715,000	858,180	4,586,191	17,159,371	9,754,000	2,011,168	11,765,168	475,258,021
$ 11,982,000	$ 889,400	$ 4,586,191	$ 17,457,591	$ 16,023,000	$ 3,733,489	$19,756,489	$ 559,847,019

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For The Fiscal Year Ended June 30, 2002

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 16,264
Sales and Use Taxes	1,550,981	-	2,544	-	-	-
Oil, Gas, and Coal Taxes	-	-	-	613,333	1,699,860	-
Business Taxes	208,996	-	-	-	-	-
Licenses, Permits and Fees	3,401,903	-	1,203	596,334	-	1,327,288
Intergovernmental	-	-	-	152,921	-	368,482
Sales and Services	2,072,363	1,956	114,435	55,781	3,635,612	14,589,360
Royalties and Rents	-	-	-	-	177,804	173,670
Fines and Forfeits	256,250	2,256	-	-	4,858,213	-
Interest and Investment Income	50,112	95,043	469,752	884,123	-	(1,105,535)
Tobacco Settlement	-	-	-	12,051,320	-	2,678,071
Commodity Assessments	-	9,443,805	-	-	-	-
Miscellaneous	22,559	60,512	73,997	201,544	50,861	751,694
Total Revenues	7,563,164	9,603,572	661,931	14,555,356	10,422,350	18,799,294
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Education	-	-	-	-	37,042,484	-
Health and Human Services	70,534	-	-	-	-	42,528,684
Regulatory	-	-	-	139,703	-	-
Public Safety and Corrections	-	-	-	-	-	-
Agriculture and Commerce	6,108,280	9,418,873	1,062,361	2,763,857	-	-
Natural Resources	-	-	-	9,751,715	-	-
Transportation	-	-	-	-	-	-
Intergovernmental - Revenue Sharing	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Total Expenditures	6,178,814	9,418,873	1,062,361	12,655,275	37,042,484	42,528,684
Revenues over (under) Expenditures	1,384,350	184,699	(400,430)	1,900,081	(26,620,134)	(23,729,390)
OTHER FINANCING SOURCES (USES)						
Proceeds from Bonds and Notes	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	35,000	-	-	-	890	-
Other	-	-	-	-	-	-
Transfers In	90,105	-	1,220,442	5,414,460	29,450,808	33,482,646
Transfers Out	(34,633)	(545,485)	(17,799)	(3,715,182)	(228,951)	(917,913)
Total Other Financing Sources (Uses)	90,472	(545,485)	1,202,643	1,699,278	29,222,747	32,564,733
Net Change in Fund Balances	1,474,822	(360,786)	802,213	3,599,359	2,602,613	8,835,343
Fund Balances - Beginning of Year, as Adjusted	5,335,401	6,250,653	17,610,142	46,035,806	14,647,550	69,363,424
Fund Balances - End of Year	$ 6,810,223	$ 5,889,867	$ 18,412,355	$ 49,635,165	$ 17,250,163	$ 78,198,767

(Continued On Next Page)

Special Revenue Funds							
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ -	$ -	$ 7,104,219	$ -	$ 2,207,455	$ -	$ -
-	-	76,366,795	-	86,464	-	-
-	3,450,000	26,267,937	3,421,933	-	-	-
-	-	16,423,299	-	-	-	-
42,395	-	15,692,964	-	31,630	-	-
-	-	87,425	-	63,026	-	-
4,314,089	-	-	-	1,720,175	-	-
-	1,175,291	-	6,800	106,567	-	-
952,576	-	101	-	700,000	-	-
91,148	2,566,630	-	721,551	252,888	391,276	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
37,255	-	-	-	982,682	-	-
5,437,463	7,191,921	141,942,740	4,150,284	6,150,887	391,276	-
2,528,458	130,519	-	-	3,638,166	-	-
-	-	-	-	17,140	-	-
-	-	-	-	871,178	-	-
155,787	-	-	-	135,199	-	-
203,366	-	-	-	477,088	-	-
-	-	-	-	93,494	2,991,274	-
-	-	-	-	607,373	-	-
-	-	-	-	95,718	-	-
-	-	142,778,046	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,887,611	130,519	142,778,046	-	5,935,356	2,991,274	-
2,549,852	7,061,402	(835,306)	4,150,284	215,531	(2,599,998)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	906,666	-	-	198,537	3,750,000	-
(30,116)	(5,393,985)	-	(2,999,460)	(41,229)	-	-
(30,116)	(4,487,319)	-	(2,999,460)	157,308	3,750,000	-
2,519,736	2,574,083	(835,306)	1,150,824	372,839	1,150,002	-
7,167,395	55,667,716	41,683,290	21,358,798	4,263,931	15,098,153	13,179,298
$ 9,687,131	$ 58,241,799	$ 40,847,984	$ 22,509,622	$ 4,636,770	$ 16,248,155	$ 13,179,298

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds (Continued)
For The Fiscal Year Ended June 30, 2002

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 9,327,938
Sales and Use Taxes	-	343,964	24,438	67,220,483	-	145,595,669
Oil, Gas, and Coal Taxes	-	-	-	-	-	35,453,063
Business Taxes	-	-	17,263	-	-	16,649,558
Licenses, Permits and Fees	108,375	11,000,640	3,905,356	42,842,458	19,653	78,970,199
Intergovernmental	64,035	25	8,648	607,815	-	1,352,377
Sales and Services	1,582,091	1,476,666	1,678,322	381,448	1,241,552	32,863,850
Royalties and Rents	210,344	33,584	-	150,880	654	2,035,594
Fines and Forfeits	-	7,337	205,025	-	-	6,981,758
Interest and Investment Income	-	24,608	(229,837)	765,190	28,686	5,005,635
Tobacco Settlement	-	-	-	-	-	14,729,391
Commodity Assessments	-	-	-	-	-	9,443,805
Miscellaneous	66,538	155,906	10,638	297,847	4,656	2,716,689
Total Revenues	2,031,383	13,042,730	5,619,853	112,266,121	1,295,201	361,125,526
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	6,297,143
Education	-	-	-	-	-	37,059,624
Health and Human Services	-	-	-	39,276	1,669,046	45,178,718
Regulatory	-	-	4,372,902	-	-	4,803,591
Public Safety and Corrections	3,882,864	-	-	109,193	12,673	4,685,184
Agriculture and Commerce	-	-	-	-	-	22,438,139
Natural Resources	-	9,085,580	-	-	-	19,444,668
Transportation	-	-	-	109,863,841	-	109,959,559
Intergovernmental - Revenue Sharing	-	-	-	-	-	142,778,046
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Total Expenditures	3,882,864	9,085,580	4,372,902	110,012,310	1,681,719	392,644,672
Revenues over (under) Expenditures	(1,851,481)	3,957,150	1,246,951	2,253,811	(386,518)	(31,519,146)
OTHER FINANCING SOURCES (USES)						
Proceeds from Bonds and Notes	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	85	1,810	238,008	17,242	293,035
Other	-	-	-	3,813	-	3,813
Transfers In	2,190,059	-	121,878	2,209,937	170,145	79,205,683
Transfers Out	-	(82,883)	(1,466,899)	(508,812)	(138,705)	(16,122,052)
Total Other Financing Sources (Uses)	2,190,059	(82,798)	(1,343,211)	1,942,946	48,682	63,380,479
Net Change in Fund Balances	338,578	3,874,352	(96,260)	4,196,757	(337,836)	31,861,333
Fund Balances - Beginning of Year, as Adjusted	2,097,178	19,358,224	11,329,840	58,377,248	5,648,102	414,472,149
Fund Balances - End of Year	$ 2,435,756	$ 23,232,576	$ 11,233,580	$ 62,574,005	$ 5,310,266	$ 446,333,482

Debt Service Funds				Capital Projects Funds			
Building Authority	Lignite Research	Water Commission	Total	Building Authority	Water Commission	Total	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,327,938
-	-	-	-	-	-	-	145,595,669
-	-	-	-	-	-	-	35,453,063
-	-	-	-	-	-	-	16,649,558
-	-	-	-	-	-	-	78,970,199
-	-	-	-	-	-	-	1,352,377
-	-	1,179,426	1,179,426	-	-	-	34,043,276
-	-	-	-	-	-	-	2,035,594
-	-	-	-	-	-	-	6,981,758
346,000	55,596	243,306	644,902	420,000	497,578	917,578	6,568,115
-	-	-	-	-	-	-	14,729,391
-	-	-	-	-	-	-	9,443,805
-	-	-	-	-	-	-	2,716,689
346,000	55,596	1,422,732	1,824,328	420,000	497,578	917,578	363,867,432
-	-	-	-	-	-	-	6,297,143
-	-	-	-	-	-	-	37,059,624
-	-	-	-	-	-	-	45,178,718
-	-	-	-	-	-	-	4,803,591
-	-	-	-	-	-	-	4,685,184
-	-	-	-	-	-	-	22,438,139
-	-	-	-	-	-	-	19,444,668
-	-	-	-	-	-	-	109,959,559
-	-	-	-	-	-	-	142,778,046
-	-	-	-	905,000	8,082,009	8,987,009	8,987,009
4,471,000	800,000	1,103,010	6,374,010	-	-	-	6,374,010
4,539,000	301,690	2,486,787	7,327,477	-	-	-	7,327,477
9,010,000	1,101,690	3,589,797	13,701,487	905,000	8,082,009	8,987,009	415,333,168
(8,664,000)	(1,046,094)	(2,167,065)	(11,877,159)	(485,000)	(7,584,431)	(8,069,431)	(51,465,736)
2,706,000	-	-	2,706,000	8,424,000	238,445	8,662,445	11,368,445
-	-	-	-	-	-	-	293,035
-	-	-	-	-	-	-	3,813
6,851,000	1,014,734	2,308,847	10,174,581	-	-	-	89,380,264
-	-	-	-	(7,037,000)	(140)	(7,037,140)	(23,159,192)
9,557,000	1,014,734	2,308,847	12,880,581	1,387,000	238,305	1,625,305	77,886,365
893,000	(31,360)	141,782	1,003,422	902,000	(7,346,126)	(6,444,126)	26,420,629
10,822,000	889,540	4,444,409	16,155,949	8,852,000	9,357,294	18,209,294	448,837,392
$ 11,715,000	$ 858,180	$ 4,586,191	$ 17,159,371	$ 9,754,000	$ 2,011,168	$ 11,765,168	$ 475,258,021

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

BEGINNING FARMER REVOLVING LOAN

973 - Beginning Farmer Revolving Loan Fund
Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate. (NDCC 6-09)

BONDING

210 (924) - State Bonding Fund
Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government. (NDCC 26-1.01)

COMMUNITY WATER FACILITY LOAN

974 - Community Water Facility Loan Fund
Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies. (NDCC 6-09.5)

DEVELOPMENTALLY DISABLED FACILITY LOAN

971 - Developmentally Disabled Facility Loan Fund
Accounts for loans to nonprofit corporations for costs related to facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. (NDCC 6-09.6)

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund
Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc. (NDCC 26.1-22)

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan
Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program. (NDCC 15-62.1)

MILL AND ELEVATOR

970 - North Dakota Mill and Elevator
Accounts for the financial resources of the ND Mill and Elevator Association. (NDCC 54-18)

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance
Accounts for the administrative revenues and expenses associated with this insurance purchasing pool. (NDCC 54-52)

ROUGHRIDER INDUSTRIES

926 - Roughrider Industries
Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates. (NDCC 12-48)

STATE FAIR

601 (977) - State Fair
Accounts for revenues and expenditures associated with the operation of the State Fair. (NDCC 4-02.1)

STUDENT LOAN

975 - North Dakota Student Loan Trust
Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program. (NDCC 6-09)

UNEMPLOYMENT COMPENSATION FUND

967 – Job Service-Expendable Trust Fund
Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits. (NDCC 52-09)

STATE OF NORTH DAKOTA

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2002

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	$ 8,355,628	$ 545,639	$ 2,313,420	$ 365,978	$ 1,480,013
Cash and Cash Equivalents	-	-	-	-	-
Investments at the Bank of ND	-	-	-	-	-
Investments	-	4,817,723	-	-	13,269,403
Accounts Receivable - Net	-	51,024	-	-	4,269
Interest Receivable - Net	362,638	34,411	143,896	19,388	143,721
Intergovernmental Receivable - Net	-	-	-	-	-
Due from Other Funds	-	-	-	-	113
Due from Fiduciary Funds	-	-	-	-	-
Prepaid Items	505,989	-	-	-	-
Inventory	-	-	-	-	-
Loans and Notes Receivable - Net	854,248	-	409,970	840,466	-
Restricted Cash at the Bank of ND	-	-	-	-	-
Restricted Investments at the Bank Of ND	-	-	-	-	-
Restricted Interest Receivable - Net	-	-	-	-	-
Restricted Loans Receivable - Net	-	-	-	-	-
Total Current Assets	10,078,503	5,448,797	2,867,286	1,225,832	14,897,519
Noncurrent Assets:					
Restricted Cash at the Bank of ND	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-
Restricted Investments at the Bank Of ND	-	-	-	-	-
Restricted Investments	-	-	-	-	-
Loans and Notes Receivable - Net	8,287,203	-	14,410,891	5,737,995	-
Restricted Loans Receivable - Net	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-
Other Noncurrent Assets	789,987	-	-	-	-
Capital Assets:					
Land and Construction in Progress	-	-	-	-	-
Infrastructure - Net	-	-	-	-	-
Buildings and Equipment -Net	-	-	-	-	-
Total Noncurrent Assets	9,077,190	-	14,410,891	5,737,995	-
Total Assets	19,155,693	5,448,797	17,278,177	6,963,827	14,897,519
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	3,522	-	-	13,059
Accrued Payroll	-	1,073	-	-	26,584
Securities Lending Collateral	-	561,658	-	-	1,554,545
Interest Payable	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-
Due to Other Funds	12,115	1,284	18,952	4,599,873	11,222
Amounts Held in Custody for Others	-	-	-	-	-
Claims/Judgments Payable	-	32,418	-	-	5,907,263
Compensated Absences Payable	-	1,747	-	-	2,751
Capital Leases Payable	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Total Current Liabilities	12,115	601,702	18,952	4,599,873	7,515,424
Noncurrent Liabilities:					
Intergovernmental Payable	-	-	-	-	-
Claims/Judgments Payable	-	93,782	-	-	1,162,092
Compensated Absences Payable	-	-	-	-	31,635
Capital Leases Payable	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-
Total Noncurrent Liabilities	-	93,782	-	-	1,193,727
Total Liabilities	12,115	695,484	18,952	4,599,873	8,709,151
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-
Restricted for:					
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Pledged Assets	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-
Unrestricted	19,143,578	4,753,313	17,259,225	2,363,954	6,188,368
Total Net Assets	$ 19,143,578	$ 4,753,313	$ 17,259,225	$ 2,363,954	$ 6,188,368

Guaranteed Student Loan	Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Unemployment Compensation	Total
$ 1,870,748	$ 512,729	$ 190,353	$ 485,086	$ 1,055,961	$ 1,000	$ 5,293	$ 17,181,848
-	-	2,911,717	700	184,396	-	36,324,452	39,421,265
7,306,882	-	-	-	-	31,009,000	-	38,315,882
-	-	-	-	-	-	-	18,087,126
46,111	12,944,156	14,676	209,465	88,781	-	14,310,002	27,668,484
118,689	-	-	-	-	-	586,968	1,409,711
1,786,174	-	-	-	-	640,000	273,493	2,699,667
185,642	-	4,549	37,165	-	993,000	-	1,220,469
-	-	39,493	-	-	-	-	39,493
-	364,386	-	9,786	24,765	80,000	-	984,926
-	9,895,616	-	755,742	-	-	-	10,651,358
-	-	-	-	-	-	-	2,104,684
-	-	-	-	-	32,427,000	-	32,427,000
-	-	-	-	-	94,392,000	-	94,392,000
-	-	-	-	-	983,000	-	983,000
-	-	-	-	-	16,595,000	-	16,595,000
11,314,246	23,716,887	3,160,788	1,497,944	1,353,903	177,120,000	51,500,208	304,181,913
-	-	-	-	-	2,353,000	-	2,353,000
-	-	-	-	18,493	-	-	18,493
2,492,827	-	-	-	-	24,934,000	-	27,426,827
6,248,307	-	-	-	249,896	-	-	6,498,203
-	-	-	-	-	-	-	28,436,089
-	-	-	-	-	65,813,000	-	65,813,000
-	-	-	-	-	1,179,000	-	1,179,000
-	75,243	-	-	3,750	-	-	868,980
-	160,117	-	-	390,816	-	-	550,933
-	260,301	-	-	1,343,798	-	-	1,604,099
1,399,865	31,175,925	-	371,271	12,997,974	-	-	45,945,035
10,140,999	31,671,586	-	371,271	15,004,727	94,279,000	-	180,693,659
21,455,245	55,388,473	3,160,788	1,869,215	16,358,630	271,399,000	51,500,208	484,875,572
824,164	2,630,733	14,539	95,011	37,726	72,000	1,154,759	4,845,513
-	-	38,097	96,404	-	-	-	162,158
-	-	-	-	-	-	-	2,116,203
-	-	-	-	10,242	912,000	-	922,242
7,910,105	-	-	-	-	664,000	1,255,799	9,829,904
544,126	5,491,757	6,594	-	-	9,456,000	324,662	20,466,585
-	-	751,284	-	-	-	-	751,284
-	-	-	-	-	-	-	5,939,681
-	-	-	3,485	22,000	-	-	29,983
-	-	-	37,366	-	-	-	37,366
-	-	-	-	184,461	63,855,000	-	64,039,461
93,882	-	162,775	-	-	-	638,066	894,723
408,000	-	-	5,452	-	-	-	413,452
9,780,277	8,122,490	973,289	237,718	254,429	74,959,000	3,373,286	110,448,555
6,940,870	-	-	-	-	1,966,000	-	8,906,870
-	-	-	-	-	-	-	1,255,874
-	563,529	46,589	87,141	22,560	-	-	751,454
-	-	-	63,087	-	-	-	63,087
-	-	-	-	1,910,148	125,651,000	-	127,561,148
143,636	-	-	-	-	-	-	143,636
7,084,506	563,529	46,589	150,228	1,932,708	127,617,000	-	138,682,069
16,864,783	8,686,019	1,019,878	387,946	2,187,137	202,576,000	3,373,286	249,130,624
1,399,865	26,110,571	-	277,066	12,637,979	-	-	40,425,481
-	-	-	-	18,444	-	-	18,444
-	-	-	-	249,946	47,165,000	-	47,414,946
815,570	-	-	-	-	-	-	815,570
-	-	-	-	-	-	48,126,922	48,126,922
2,375,027	20,591,883	2,140,910	1,204,203	1,265,124	21,658,000	-	98,943,585
$ 4,590,462	$ 46,702,454	$ 2,140,910	$ 1,481,269	$ 14,171,493	$ 68,823,000	$ 48,126,922	$ 235,744,948

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For The Fiscal Year Ended June 30, 2002

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado
OPERATING REVENUES					
Sales and Services	$ -	$ 47,913	$ -	$ -	$ 3,728,514
Grants and Contributions	-	-	-	-	-
Royalties and Rents	-	-	-	-	-
Interest and Investment Income	573,502	-	433,857	456,713	-
Miscellaneous	-	-	-	-	-
Total Operating Revenues	573,502	47,913	433,857	456,713	3,728,514
OPERATING EXPENSES					
Cost of Sales and Services	-	-	-	-	-
Salaries and Benefits	-	9,341	-	-	330,459
Operating	541,921	5,354	78,689	42,003	1,600,829
Claims	-	26,474	-	-	5,480,802
Refunds	-	-	-	-	-
Interest	-	-	-	279,770	-
Depreciation	-	-	-	-	-
Miscellaneous	4,094	-	-	-	-
Total Operating Expenses	546,015	41,169	78,689	321,773	7,412,090
Operating Income (Loss)	27,487	6,744	355,168	134,940	(3,683,576)
NONOPERATING REVENUES (EXPENSES)					
Grants and Contracts	-	-	-	-	-
Interest and Investment Income	202,082	(97,423)	74,156	22,074	(222,954)
Interest Expense	-	(30,830)	-	-	(97,520)
Loss on Sale of Capital Assets	-	-	-	-	-
Other	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	202,082	(128,253)	74,156	22,074	(320,474)
Income (Loss) Before Transfers	229,569	(121,509)	429,324	157,014	(4,004,050)
Transfers In	1,000,000	-	-	-	-
Transfer Out	-	-	-	(1,140,000)	-
Change in Net Assets	1,229,569	(121,509)	429,324	(982,986)	(4,004,050)
Total Net Assets - Beginning of Year, as Adjusted	17,914,009	4,874,822	16,829,901	3,346,940	10,192,418
Total Net Assets - End of Year	$ 19,143,578	$ 4,753,313	$ 17,259,225	$ 2,363,954	$ 6,188,368

Guaranteed Student Loan	Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Unemployment Compensation	Total
$ 2,712,294	$ 80,960,600	$ 853,729	$ 3,134,934	$ 2,884,451	$ -	$ 48,302,616	$ 142,625,051
-	-	-	-	-	-	15,202,279	15,202,279
-	-	-	7,820	-	-	-	7,820
-	-	-	-	-	6,531,000	58,903	8,053,975
9,404	-	-	44,675	-	8,000	-	62,079
2,721,698	80,960,600	853,729	3,187,429	2,884,451	6,539,000	63,563,798	165,951,204
-	75,048,378	-	1,938,611	-	-	-	76,986,989
-	1,338,167	448,981	1,093,118	800,050	-	-	4,020,116
3,523,411	593,625	279,815	162,690	2,216,022	4,016,000	-	13,060,359
-	-	-	-	-	-	50,485,399	55,992,675
-	-	-	504	-	-	-	504
-	-	-	-	-	5,222,000	-	5,501,770
60,864	1,275,375	-	55,586	925,367	-	-	2,317,192
-	-	-	-	-	-	-	4,094
3,584,275	78,255,545	728,796	3,250,509	3,941,439	9,238,000	50,485,399	157,883,699
(862,577)	2,705,055	124,933	(63,080)	(1,056,988)	(2,699,000)	13,078,399	8,067,505
-	-	-	-	283,843	-	-	283,843
266,874	13,979	242,652	-	53,389	6,107,000	2,137,957	8,799,786
-	(311,855)	-	(8,093)	(138,066)	-	-	(586,364)
-	(255,729)	-	(7,925)	-	-	-	(263,654)
-	(226,855)	2,537	-	(3,750)	-	-	(228,068)
266,874	(780,460)	245,189	(16,018)	195,416	6,107,000	2,137,957	8,005,543
(595,703)	1,924,595	370,122	(79,098)	(861,572)	3,408,000	15,216,356	16,073,048
3,200,000	-	-	-	392,500	-	-	4,592,500
-	(27,902)	-	-	-	(9,000,000)	-	(10,167,902)
2,604,297	1,896,693	370,122	(79,098)	(469,072)	(5,592,000)	15,216,356	10,497,646
1,986,165	44,805,761	1,770,788	1,560,367	14,640,565	74,415,000	32,910,566	225,247,302
$ 4,590,462	$ 46,702,454	$ 2,140,910	$ 1,481,269	$ 14,171,493	$ 68,823,000	$ 48,126,922	$ 235,744,948

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds
For The Fiscal Year Ended June 30, 2002

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop-mentally Disabled Facility Loan	Fire And Tornado
Cash Flows From Operating Activities:					
Receipts From Customers and Users	$ 30,886	$ 49,453	$ -	$ -	$ 3,762,119
Interest Income on Loans	621,222	-	-	-	-
Receipts From Loan Principal Repayments	849,998	-	-	-	-
Receipts From Other Funds	-	283	-	-	172
Reed Act Distribution	-	-	-	-	-
Receipts From Others	-	-	-	-	-
Payments To Other Funds	-	(760)	-	-	(1,642)
Payments for Loan Funds	(583,869)	-	-	-	-
Payments To Suppliers	(495,864)	(8,422)	(78,954)	(43,003)	(6,605,449)
Payments To Employees	-	(10,581)	-	-	(319,179)
Payments To Others	(4,094)	-	-	-	-
Net Cash Provided (Used For) Operating Activities	418,279	29,973	(78,954)	(43,003)	(3,163,979)
Cash Flows From Noncapital Financing Activities:					
Principal Payments - Bonds	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	-	-	-	(279,770)	-
Operating Transfers In	1,000,000	-	-	-	-
Operating Transfers Out	-	-	-	(1,140,000)	-
Proceeds From Due From Primary Government	-	-	-	75,000	-
Collection Of Due To Primary Government	-	-	-	(618,728)	-
Grants Received	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	1,000,000	-	-	(1,963,498)	-
Cash Flows From Capital And Related Financing Activities:					
Acquisition And Construction Of Capital Assets	-	-	-	-	-
Proceeds From Sale Of Capital Assets	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	-	-	-	-	-
Payment On Capital Leases	-	-	-	-	-
Other	-	-	-	-	-
Net Cash Used For Capital And Related Financing Activities	-	-	-	-	-
Cash Flows From Investing Activities:					
Proceeds From Sale And Maturities Of Investment Securities	-	-	-	-	2,322,119
Purchase Of Investment Securities	-	(131,458)	-	-	-
Interest And Dividends On Investments	202,082	142,399	79,054	24,534	471,792
Disbursements For Loans And Loan Purchases	-	-	(740,000)	(75,000)	-
Receipt Of Loan Principal Repayments	-	-	385,660	917,444	-
Loan Income Received	-	-	438,762	462,478	-
Other	-	-	-	-	-
Net Cash Provided By (Used For) Investing Activities	202,082	10,941	163,476	1,329,456	2,793,911
Net Change In Cash:					
Net Increase (Decrease) In Cash And Cash Equivalents	1,620,361	40,914	84,522	(677,045)	(370,068)
Cash And Cash Equivalents At June 30, 2001	6,735,267	504,725	2,228,898	1,043,023	1,850,081
Cash And Cash Equivalents At June 30, 2002	$ 8,355,628	$ 545,639	$ 2,313,420	$ 365,978	$ 1,480,013
Reconciliation:					
Current:					
Cash Deposits At The Bank Of North Dakota	$ 8,355,628	$ 545,639	$ 2,313,420	$ 365,978	$ 1,480,013
Cash And Cash Equivalents	-	-	-	-	-
Restricted Cash Deposits At The Bank Of North Dakota	-	-	-	-	-
Noncurrent:					
Restricted Cash Deposits At The Bank Of North Dakota	-	-	-	-	-
Restricted Cash And Cash Equivalents	-	-	-	-	-
Cash And Cash Equivalents	$ 8,355,628	$ 545,639	$ 2,313,420	$ 365,978	$ 1,480,013

(Continued On The Next Page)

Guaranteed Student Loan	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Unemployment Compensation	Total
$ 1,347,066	$ 102,041,494	104,181,639	$ 3,253,245	$ 2,880,328	$ 24,440,000	$ 43,716,065	285,702,295
-	-	-	-	-	-	-	621,222
11,620,059	-	-	-	-	-	-	12,470,057
-	-	-	-	-	-	-	455
-	-	-	-		-	15,267,835	15,267,835
-	-	-	-	-	-	59,512	59,512
-	-	-	(3,380)	-	-	-	(5,782)
(9,718,286)	-	-	-	-	-	-	(10,302,155)
(3,100,035)	(92,488,691)	(103,529,081)	(2,136,046)	(2,236,706)	(27,655,000)	(46,457,540)	(284,834,791)
-	(6,313,301)	(439,415)	(1,087,989)	(802,543)	-	-	(8,973,008)
-	-	-	(504)	-	-	-	(4,598)
148,804	3,239,502	213,143	25,326	(158,921)	(3,215,000)	12,585,872	10,001,042
-	-	-	-	-	(27,082,000)	-	(27,082,000)
-	-	-	-	-	(5,430,000)	-	(5,430,000)
-	-	-	-	-	-	-	(279,770)
3,500,000	-	-	-	392,500	-	-	4,892,500
-	(27,902)	-	-	-	-	-	(1,167,902)
-	-	-	-	-	-	-	75,000
-	-	(178,746)	-	-	-	-	(797,474)
-	-	-	-	283,843	-	-	283,843
3,500,000	(27,902)	(178,746)	-	676,343	(32,512,000)	-	(29,505,803)
(1,460,729)	(1,060,537)	-	(36,401)	(156,474)	-	-	(2,714,141)
-	10,630	-	4,237	-	-	-	14,867
-	20,900,000	-	-	-	-	-	20,900,000
-	-	-	-	(195,000)	-	-	(195,000)
-	(22,208,426)	-	-	-	-	-	(22,208,426)
-	-	-	-	(133,335)	-	-	(133,335)
-	(311,855)	-	(8,092)	-	-	-	(319,947)
-	-	-	(43,590)	-	-	-	(43,590)
-	(137,484)	-	-	-	-	-	(137,484)
(1,460,729)	(2,807,672)	-	(83,846)	(484,809)	-	-	(4,837,056)
10,075,603	-	-	-	-	296,718,000	-	309,115,722
(13,119,156)	-	-	-	-	(316,187,000)	-	(329,437,614)
756,976	13,979	243,433	-	53,386	7,474,000	1,851,975	11,313,610
-	-	-	-	-	-	-	(815,000)
-	-	-	-	-	-	-	1,303,104
-	-	-	-	-	-	-	901,240
-	-	2,537	-	-	-	-	2,537
(2,286,577)	13,979	245,970	-	53,386	(11,995,000)	1,851,975	(7,616,401)
(98,502)	417,907	280,367	(58,520)	85,999	(47,722,000)	14,437,847	(31,958,218)
1,969,250	94,822	2,821,703	544,306	1,172,851	82,503,000	21,891,898	123,359,824
$ 1,870,748	$ 512,729	$ 3,102,070	$ 485,786	$ 1,258,850	$ 34,781,000	$ 36,329,745	$ 91,401,606
$ 1,870,748	$ 512,729	$ 190,353	$ 485,086	$ 1,055,961	$ 1,000	$ 5,293	$ 17,181,848
-	-	2,911,717	700	184,396	-	36,324,452	39,421,265
-	-	-	-	-	32,427,000	-	32,427,000
-	-	-	-	-	2,353,000	-	2,353,000
-	-	-	-	18,493	-	-	18,493
$ 1,870,748	$ 512,729	$ 3,102,070	$ 485,786	$ 1,258,850	$ 34,781,000	$ 36,329,745	$ 91,401,606

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds (Continued)
For The Fiscal Year Ended June 30, 2002

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop-mentally Disabled Facility Loan	Fire And Tornado
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used For) Operating Activities:					
Operating Income (Loss)	$ 27,487	6,744	355,168	$ 134,940	$ (3,683,576)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	-	-	-	-	-
Amortization\Accretion	-	-	-	-	-
Reclassification Of Interest Revenue\Expense	-	-	(433,857)	(176,943)	-
Net Depreciation In Fair Value Of Investments	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-
Provision For Losses	-	-	-	-	-
Premiums Collected	-	-	-	-	-
Premiums Paid	-	-	-	-	-
Change In Assets And Liabilities:					
(Increase) Decrease In Accounts Receivable	-	1,540	-	-	33,605
Decrease In Interest Receivable	61,495	-	-	-	-
(Increase) Decrease In Due From	-	283	-	-	172
Increase In Due From Fiduciary Funds	-	-	-	-	-
(Increase) Decrease In Intergovernmental Receivable	-	-	-	-	-
Decrease in Notes Receivable	255,214	-	-	-	-
(Increase) Decrease In Prepaid Items	74,652	-	-	-	-
Increase In Inventories	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	303	-	-	(34,174)
Increase In Claims\Judgements Payable	-	23,103	-	-	510,356
Decrease In Intergovernmental Payable	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	(578)	-	-	3,697
Increase (Decrease) In Compensated Absences Payable	-	(662)	-	-	7,583
Decrease In Amounts Held For Others	-	-	-	-	-
Increase (Decrease) In Due To	(569)	(760)	(265)	(1,000)	(1,642)
Increase In Deferred Revenue	-	-	-	-	-
Increase In Other Liabilities	-	-	-	-	-
Total Adjustments	390,792	23,229	(434,122)	(177,943)	519,597
Net Cash Provided By (Used For) Operating Activities	$ 418,279	$ 29,973	$ (78,954)	$ (43,003)	$ (3,163,979)
Noncash Transactions:					
Net Decrease In Fair Value Of Investments	$ -	$ (274,123)	$ -	$ -	$ (801,036)
Change In Securities Lending Collatera	-	(198,841)	-	-	(1,054,280)
Amortization Of Bond Discount	-	-	-	-	-
Total Noncash Transactions	$ -	$ (472,964)	$ -	$ -	$ (1,855,316)

Guaranteed Student Loan	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Unemployment Compensation	Total
$ (862,577)	$ 2,705,055	$ 124,933	$ (63,080)	$ (1,056,988)	$ (2,699,000)	$13,078,399	$ 8,067,505
60,864	1,275,375	-	55,586	925,367	-	-	2,317,192
-	-	-	-	-	1,351,000	-	1,351,000
(733,053)	-	-	-	-	(2,392,000)	-	(3,735,853)
(166,000)	-	-	-	-	-	-	(166,000)
-	-	-	-	-	5,341,000	-	5,341,000
-	-	-	-	-	(23,614,000)	-	(23,614,000)
-	-	-	-	-	19,091,000	-	19,091,000
78,000	-	-	-	1,400	5,000	-	84,400
-	-	103,244,660	-	-	-	-	103,244,660
-	-	(103,244,660)	-	-	-	-	(103,244,660)
(24,014)	(1,022,801)	1,037	82,315	(5,523)	-	(741,429)	(1,675,270)
-	-	-	-	-	-	-	61,495
-	-	-	(13,956)	-	-	-	(13,501)
-	-	(14,234)	-	-	-	-	(14,234)
1,064,621	-	-	-	-	-	(23,820)	1,040,801
-	-	-	-	-	-	-	255,214
-	(118,466)	-	2,571	(3,026)	15,000	-	(29,269)
-	(28,934)	(1,047)	(60,283)	-	-	-	(90,264)
317,541	61,149	(3,401)	16,805	(17,658)	(7,000)	283,840	617,405
-	-	-	-	-	-	-	533,459
(49,893)	-	(7,799)	-	-	(329,000)	(47,530)	(434,222)
-	283,896	1,477	(1,443)	-	-	-	287,049
-	46,340	8,089	6,572	(2,493)	-	-	65,429
-	-	(10,058)	-	-	-	-	(10,058)
137,105	-	6,594	(3,380)	-	23,000	-	159,083
326,210	-	107,552	-	-	-	36,412	470,174
-	37,888	-	3,619	-	-	-	41,507
1,011,381	534,447	88,210	88,406	898,067	(516,000)	(492,527)	1,933,537
$ 148,804	$ 3,239,502	$ 213,143	$ 25,326	$ (158,921)	$ (3,215,000)	$ 12,585,872	$ 10,001,042
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,075,159)
-	-	-	-	-	-	-	(1,253,121)
-	-	-	-	5,539	-	-	5,539
$ -	$ -	$ -	$ -	$ 5,539	$ -	$ -	$ (2,322,741)

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

790 (927) - Central Services
Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute. (NDCC 54-44)

700 (918) - Fleet Services
Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment. (NDCC 24-02)

780 (929) - Information Technology Department
Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies. (NDCC 54-59)

288 (912) - Risk Management Fund
This fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance. (NDCC 32-12.2)

207 (936) - Retirement and Investment Office
Accounts for the administrative operations provided to the State Investment Board and Teachers Fund For Retirement for the boards investing activities. (NDCC 15-39)

STATE OF NORTH DAKOTA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	Central Services	Fleet Services	Information Technology Department	Retirement and Investment Board	Risk Management	Total
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	$ 492,131	$ 1,018,149	$ 2,127,934	$ 117,341	$ 2,529,658	$ 6,285,213
Cash and Cash Equivalents	14,017	-	-	-	1,562	15,579
Investments	-	-	-	-	3,290,852	3,290,852
Accounts Receivable - Net	7,151	29,832	9,472	1,783	750	48,988
Interest Receivable - Net	-	-	-	-	49,790	49,790
Intergovernmental Receivable - Net	60,020	574	48,161	-	812	109,567
Due from Other Funds	146,122	1,907,896	2,666,160	21,263	140,881	4,882,322
Prepaid Items	3,137	-	305,775	-	-	308,912
Inventory	125,728	-	-	-	-	125,728
Total Current Assets	848,306	2,956,451	5,157,502	140,387	6,014,305	15,116,951
Noncurrent Assets:						
Capital Assets:						
Buildings and Equipment -Net	46,880	44,602,322	3,959,501	6,003	9,519	48,624,225
Total Noncurrent Assets	46,880	44,602,322	3,959,501	6,003	9,519	48,624,225
Total Assets	895,186	47,558,773	9,117,003	146,390	6,023,824	63,741,176
LIABILITIES						
Current Liabilities:						
Accounts Payable	43,834	403,531	308,481	90,501	22,387	868,734
Accrued Payroll	69,369	76,105	942,485	-	20,728	1,108,687
Securities Lending Collateral	-	-	-	-	386,924	386,924
Interest Payable	-	-	-	-	2,631	2,631
Due to Other Funds	13,373	3,067,564	6,622	11,711	107,450	3,206,720
Claims/Judgments Payable	-	-	-	-	850,528	850,528
Compensated Absences Payable	-	3,132	45,956	6,009	-	55,097
Notes Payable	-	-	348,653	-	-	348,653
Capital Leases Payable	7,294	-	-	-	-	7,294
Deferred Revenue	-	-	-	-	69,684	69,684
Total Current Liabilities	133,870	3,550,332	1,652,197	108,221	1,460,332	6,904,952
Noncurrent Liabilities:						
Claims/Judgments Payable	-	-	-	-	2,178,273	2,178,273
Compensated Absences Payable	70,334	59,017	865,868	51,332	16,889	1,063,440
Notes Payable	-	-	7,851	-	-	7,851
Total Noncurrent Liabilities	70,334	59,017	873,719	51,332	2,195,162	3,249,564
Total Liabilities	204,204	3,609,349	2,525,916	159,553	3,655,494	10,154,516
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	39,586	44,602,322	3,921,513	6,003	9,519	48,578,943
Unrestricted	651,396	(652,898)	2,669,574	(19,166)	2,358,811	5,007,717
Total Net Assets	$ 690,982	$ 43,949,424	$ 6,591,087	$ (13,163)	$ 2,368,330	$ 53,586,660

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	Central Services	Fleet Services	Information Technology Department	Retirement and Investment Board	Risk Management	Total
OPERATING REVENUES						
Sales and Services	$ 2,350,451	$ 16,467,969	$ 32,332,745	$ 1,239,833	$ 3,970,775	$ 56,361,773
Miscellaneous	-	81,968	-	16,653	98,497	197,118
Total Operating Revenues	2,350,451	16,549,937	32,332,745	1,256,486	4,069,272	56,558,891
OPERATING EXPENSES						
Cost of Sales and Services	1,202,504	-	-	-	-	1,202,504
Salaries and Benefits	837,631	1,003,159	10,897,002	797,268	244,014	13,779,074
Operating	384,937	6,804,059	18,109,135	474,548	1,075,437	26,848,116
Claims	-	-	-	-	2,014,530	2,014,530
Depreciation	43,338	5,543,427	2,582,501	2,681	449	8,172,396
Total Operating Expenses	2,468,410	13,350,645	31,588,638	1,274,497	3,334,430	52,016,620
Operating Income (Loss)	(117,959)	3,199,292	744,107	(18,011)	734,842	4,542,271
NONOPERATING REVENUES (EXPENSES)						
Interest and Investment Income	-	-	-	1,291	(35,437)	(34,146)
Interest Expense	(2,584)	-	(44,365)	-	(21,770)	(68,719)
Loss on Sale of Capital Assets	(2,218)	(532,867)	957	-	-	(534,128)
Other	1,608	500	-	-	-	2,108
Total Nonoperating Revenues (Expenses)	(3,194)	(532,367)	(43,408)	1,291	(57,207)	(634,885)
Income (Loss) Before Transfers	(121,153)	2,666,925	700,699	(16,720)	677,635	3,907,386
Transfers In	-	-	450,275	-	150,000	600,275
Change in Net Assets	(121,153)	2,666,925	1,150,974	(16,720)	827,635	4,507,661
Total Net Assets - Beginning of Year, as Adjusted	812,135	41,282,499	5,440,113	3,557	1,540,695	49,078,999
Total Net Assets - End of Year	$ 690,982	$ 43,949,424	$ 6,591,087	$ (13,163)	$ 2,368,330	$ 53,586,660

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 2002

	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	Total
Cash Flows From Operating Activities:						
Receipts From Customers and Users	$ 2,391,016	$ 16,702,222	$ 32,633,402	$ 1,289,117	$ 3,903,552	$ 56,919,309
Receipts From Federal And Local Agencies	-	25	-	-	-	25
Receipts From Other Funds	-	94,327	-	-	-	94,327
Receipts From Others	-	-	-	-	76,848	76,848
Payments To Suppliers	(1,608,433)	(7,414,208)	(17,664,937)	(1,303,488)	(1,651,685)	(29,642,751)
Payments To Employees	(833,345)	(982,663)	(10,708,569)	-	(238,662)	(12,763,239)
Payments To Others	-	-	-	-	(394,052)	(394,052)
Net Cash Provided By (Used For) Operating Activities	(50,762)	8,399,703	4,259,896	(14,371)	1,696,001	14,290,467
Cash Flows From Noncapital Financing Activities						
Proceeds From Sale Of Notes And Other Borrowings	-	1,000,000	-	-	-	1,000,000
Principal Payments - Notes And Other Borrowings	-	-	(2,313,453)	-	-	(2,313,453)
Interest Payments - Notes And Other Borrowings	(986)	-	(44,364)	-	-	(45,350)
Operating Transfers In	-	-	450,275	-	150,000	600,275
Net Cash Provided By (Used For) Noncapital Financing Activities	(986)	1,000,000	(1,907,542)	-	150,000	(758,528)
Cash Flows From Capital And Related Financing Activities						
Acquisition And Construction Of Capital Assets	(7,690)	(11,107,901)	(1,925,793)	-	(9,968)	(13,051,352)
Proceeds From Sale Of Capital Assets	1,608	1,899,359	44,455	-	-	1,945,422
Payment On Capital Leases	(35,364)	-	-	-	-	(35,364)
Interest Payments - Capital Leases	(1,598)	-	-	-	-	(1,598)
Net Cash Used For Capital And Related Financing Activities	(43,044)	(9,208,542)	(1,881,338)	-	(9,968)	(11,142,892)
Cash Flows From Investing Activities						
Proceeds From Sale And Maturities Of Investment Securities	-	-	-	-	41,502	41,502
Interest And Dividends On Investments	-	-	-	1,365	124,591	125,956
Net Cash Provided By Investing Activities	-	-	-	1,365	166,093	167,458
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents	(94,792)	191,161	471,016	(13,006)	2,002,126	2,556,505
Cash And Cash Equivalents At June 30, 2001	600,940	826,988	1,656,918	130,347	529,094	3,744,287
Cash And Cash Equivalents At June 30, 2002	$ 506,148	$ 1,018,149	$ 2,127,934	$ 117,341	$ 2,531,220	$ 6,300,792
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	$ 492,131	$ 1,018,149	$ 2,127,934	$ 117,341	$ 2,529,658	$ 6,285,213
Cash And Cash Equivalents	14,017	-	-	-	1,562	15,579
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 506,148	$ 1,018,149	$ 2,127,934	$ 117,341	$ 2,531,220	$ 6,300,792
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used For) Operating Activities:						
Operating Income (Loss)	$ (117,959)	$ 3,199,292	$ 744,107	$ (18,011)	$ 734,842	$ 4,542,271
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	43,338	5,543,427	2,582,501	2,681	449	8,172,396
Amortization\Accretion	-	-	305,775	-	-	305,775
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	4,515	152,285	36,916	254	(750)	193,220
(Increase) Decrease In Due From	28,997	94,327	281,422	32,476	(138,757)	298,465
(Increase) Decrease In Intergovernmental Receivable	7,053	25	(17,681)	-	(812)	(11,415)
Decrease In Prepaid Items	6,728	-	-	-	-	6,728
Increase In Inventories	(14,768)	-	-	-	-	(14,768)
Increase In Other Assets	-	(624,937)	-	-	-	(624,937)
Increase (Decrease) In Accounts Payable	(19,218)	-	137,672	(40,244)	9,956	88,166
Increase In Claims\Judgements Payable	-		-	-	935,801	935,801
Increase In Intergovernmental Payable	-	14,788	-	-	-	14,788
Increase In Accrued Payroll	1,392	5,195	123,365	-	4,705	134,657
Increase In Compensated Absences Payable	2,894	15,301	65,068	13,200	650	97,113
Increase (Decrease) In Due To	6,266	-	751	(4,727)	98,457	100,747
Increase In Deferred Revenue	-	-	-	-	51,460	51,460
Total Adjustments	67,197	5,200,411	3,515,789	3,640	961,159	9,748,196
Net Cash Provided By (Used For) Operating Activities	$ (50,762)	$ 8,399,703	$ 4,259,896	$ (14,371)	$ 1,696,001	$ 14,290,467
Noncash Transactions:						
Net Decrease In Fair Value Of Investments	$ -	$ -	$ -	$ -	$ (185,588)	$ (185,588)
Change In Securities Lending Collateral	-	-	-	-	(169,361)	(169,361)
Total Noncash Transactions	$ -	$ -	$ -	$ -	$ (354,949)	$ (354,949)

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

DEFERRED COMPENSATION

981 - Deferred Compensation Fund
Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees. (NDCC 54-52.2)

PERS FLEXCOMP

932 - Flex Program
Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code. (NDCC 54-52.3)

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund
A single employer defined benefit pension plan covering officers of the State Highway Patrol. (NDCC 39-03.1)

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund
A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980. (NDCC 52-11)

PREFUNDED RETIREE HEALTH PROGRAM

933 - Prefunded Retiree Health Program
Members receiving retirement benefits from NDPERS receive a credit toward their monthly health insurance premium under the state health plan. (NDCC 54-52.1)

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System
Accounts for the financial resources associated with the Public Employees Retirement System. (NDCC 54-52)

DEFINED CONTRIBUTION RETIREMENT

930 – Defined Contribution Retirement Plan
Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education. (NDCC 54-52)

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement
Accounts for the financial resources of the Teachers' Retirement Fund. (NDCC 15-39.1)

Investment Trust Funds

911 - ND Association of Counties RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties. (NDCC 21-10)

913 - City of Bismarck RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck. (NDCC 21-10)

Private Purpose Trust Funds

STUDENT DONATIONS

937 - Department of Public Instruction Thordarson Scholarship Trust Fund
Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division. (NDCC 15-19)

988 - School for the Deaf Scholarship Trust Fund
Account for funds donated to provide scholarships to deaf students. (NDCC 25-01.1)

989 - School for the Deaf Student Trust Funds
Accounts for funds donated to the School for the Deaf for the benefit of the students. (NDCC 25-01.1)

COLLEGE SAVE

940 – College SAVE
Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education. (NDCC 6-09-38)

Agency Funds

BONDING

402 - Sales and Use Tax Deposit Fund
Accounts for cash received in lieu of a surety bond for sales tax permit holders. (NDCC 57-39.2)

403 - Motor Fuel Cash Bond Deposit Fund
Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers. (NDCC 57-43.1)

939 - Public Service Commission Trustee Account
Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases. (NDCC 60-02)

942 - Agriculture Cash and Investment
Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants. (NDCC 36-05)

944 - Cash Bonds
Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites. (NDCC 38-08)

945 - Insurance Company Deposits
Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force. (NDCC 26.1-05)

947 – District Court Bond Fund
Accounts for bail bonds posted for civil and criminal court cases. (NDCC 27-05.2)

PAYROLL

461 - OMB Unemployment/Payroll Clearing Fund
Accounts for financial resources of unemployment claims to Job Service North Dakota, employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc. (NDCC 54-44)

CHILD SUPPORT

463 – Child Support Disbursement Unit Fund
Accounts for all child support payments received by the state disbursement unit. (NDCC 14-09)

STUDENT AND OTHER

406 - Drivers License Trust Fund
Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent. (NDCC 39-16)

946 – District Court Collection Fund
Accounts for collections for third parties. (NDCC 27-05.2)

986 - Developmental Center Residents' Funds
Accounts for funds belonging to patients of the State Developmental Center. (NDCC 25-01.1)

990 - Veteran's Home-Custodial
Accounts for resident's personal funds. (NDCC 37-15)

991 - State Hospital Patients
Accounts for patient's personal funds. (NDCC 25-01.1)

992 - Prisoner Accounts
Accounts for prisoner's personal fund. (NDCC 12-48)

993 - Youth Correctional Center Student Accounts
Account for the student's personal funds. (NDCC 12-46)

994 - School for the Deaf Students
Account for the students personal funds. (NDCC 25-01.1)

TAX COLLECTION

434 - City Lodging Tax Suspense
Accounts for city lodging tax collected by the State Tax Commissioner. (NDCC 40-57.3)

435 - City Sales Tax Suspense
Accounts for city sales and use taxes collected by the State Tax Commission. (NDCC 57-01)

438 - City Restaurant and Lodge Tax Suspense
A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax. (NDCC 40-57.3)

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds
June 30, 2002

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND	$ -	$ -	$ -	$ 58,725	$ 431,271	$ 126,577
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	-	77,207	-	19,761	-	334,951
Interest Receivable - Net	-	-	73,613	50,152	-	161,785
Accounts Receivable-Net	-	-	-	-	350,105	-
Due from Other Funds	-	-	-	-	44,637	-
Total Receivables	-	77,207	73,613	69,913	394,742	496,736
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	563,950	763,615	-	-
Equity Pool	-	5,450,721	17,789,400	28,597,761	-	14,783,451
Fixed Income	-	2,387,598	1,875,171	-	-	8,438,218
Fixed Income Pool	-	-	12,513,812	31,725,682	-	-
Cash and Cash Pool	-	-	257,098	28,726	-	-
Guaranteed Investment Contract	-	-	-	4,280,410	-	-
Real Estate Pool	-	-	1,860,655	-	-	-
Private Equity	-	-	1,057,357	-	-	-
Annuties	250,723	-	-	-	-	-
Mutual Funds	8,395,972	-	-	-	-	-
Total Investments	8,646,695	7,838,319	35,917,443	65,396,194	-	23,221,669
Invested Securities Lending Collateral	-	-	2,439,889	6,052,107	-	-
Capital Assets (Net of Depreciation)	-	-	-	-	-	-
Total Assets	8,646,695	7,915,526	38,430,945	71,576,939	826,013	23,844,982
LIABILITIES						
Accrued Payroll	9,517	-	-	-	7,158	-
Accounts Payable	2,524	-	-	212,341	6,868	11,304
Securities Lending Collateral	-	-	2,439,889	6,052,107	-	-
Compensated Absences Payable	8,370	-	-	-	8,246	-
Capital Leases Payable	-	-	-	-	-	-
Due to Other Funds	1,050	-	12,143	2,069	324	90,032
Total Liabilities	21,461	-	2,452,032	6,266,517	22,596	101,336
NET ASSETS						
Net Assets Held in Trust for:						
Pension Benefits	8,625,234	7,915,526	35,978,913	65,310,422	-	23,743,646
Other Employee Benefits	-	-	-	-	803,417	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Assets Held in Trust	$ 8,625,234	$ 7,915,526	$ 35,978,913	$ 65,310,422	$ 803,417	$ 23,743,646

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds			Private-Purpose Trust Funds		
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association Of Counties	Total	Student Donations	College SAVE	Total
$ 729,465	$ 7,248,921	$ 8,594,959	$ 29,408	$ 27,158	$ 56,566	$ 91,745	$ -	$ 91,745
-	-	-	-	-	-	10,841	255,764	266,605
2,831,550	5,858,272	9,121,741	-	-	-	-	-	-
2,136,879	5,409,970	7,832,399	24,286	2,042	26,328	46	-	46
365	-	350,470	-	-	-	-	84,305	84,305
59,953	-	104,590	-	-	-	-	-	-
5,028,747	11,268,242	17,409,200	24,286	2,042	26,328	46	84,305	84,351
16,370,224	10,777,440	28,475,229	507,439	-	507,439	18,208	-	18,208
516,386,700	744,103,649	1,327,111,682	15,377,764	254,771	15,632,535	-	1,345,399	1,345,399
54,432,032	-	67,133,019	-	-	-	27,667	779,740	807,407
363,248,140	221,038,652	628,526,286	14,811,189	248,178	15,059,367	-	-	-
7,462,987	25,684,813	33,433,624	249,942	-	249,942	-	276,108	276,108
-	-	4,280,410	-	-	-	-	-	-
54,010,656	105,982,182	161,853,493	1,231,376	-	1,231,376	-	-	-
30,692,716	40,322,264	72,072,337	466,777	-	466,777	-	-	-
-	-	250,723	-	-	-	-	-	-
-	-	8,395,972	-	-	-	-	-	-
1,042,603,455	1,147,909,000	2,331,532,775	32,644,487	502,949	33,147,436	45,875	2,401,247	2,447,122
70,824,559	58,369,414	137,685,969	2,519,192	60,221	2,579,413	-	-	-
47,928	-	47,928	-	-	-	-	-	-
1,119,234,154	1,224,795,577	2,495,270,831	35,217,373	592,370	35,809,743	148,507	2,741,316	2,889,823
39,285	-	55,960	-	-	-	-	-	-
853,920	1,046,800	2,133,757	70,823	910	71,733	-	413,570	413,570
70,824,559	58,369,414	137,685,969	2,519,192	60,221	2,579,413	-	-	-
42,703	-	59,319	-	-	-	-	-	-
42,190	-	42,190	-	-	-	-	-	-
41,471	9,798	156,887	-	-	-	-	-	-
71,844,128	59,426,012	140,134,082	2,590,015	61,131	2,651,146	-	413,570	413,570
1,047,390,026	1,165,369,565	2,354,333,332	-	-	-	-	-	-
-	-	803,417	-	-	-	-	-	-
-	-	-	32,627,358	531,239	33,158,597	-	-	-
-	-	-	-	-	-	148,507	2,327,746	2,476,253
$ 1,047,390,026	$ 1,165,369,565	$ 2,355,136,749	$ 32,627,358	$ 531,239	$ 33,158,597	$ 148,507	$ 2,327,746	$ 2,476,253

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2002

	Pension and Other Employee Benefit Trust Funds				
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp
ADDITIONS					
Contributions:					
Employer	$ -	$ 452,311	$ 814,035	$ 135,888	$ -
Employee	1,920,559	439,113	501,850	111,981	4,237,797
From Participants	0 -	-	-	-	-
Transfers from Other Funds	226,235	13,704	-	-	-
Transfers from Other Plans	-	138,275	-	-	-
Donations	-	-	-	-	-
Total Contributions	2,146,794	1,043,403	1,315,885	247,869	4,237,797
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	(718,075)	(1,160,835)	(3,888,722)	(3,020,270)	-
Interest and Dividends	-	204,383	1,292,836	(592,900)	9,332
Less Investment Expense	60,289	7,005	125,048	191,608	-
Net Investment Income	(778,364)	(963,457)	(2,720,934)	(3,804,778)	9,332
Securities Lending Activity:					
Securities Lending Income	-	-	68,968	163,430	-
Less Securities Lending Expense	-	-	60,959	145,524	-
Net Securities Lending Income	-	-	8,009	17,906	-
Repurchase Service Credit	-	-	-	-	-
Miscellaneous Income	453	3,587	85	-	415,107
Total Additions	1,368,883	83,533	(1,396,955)	(3,539,003)	4,662,236
DEDUCTIONS					
Benefits Paid to Participants	133,081	233,541	1,928,173	2,069,843	4,193,201
Refunds	-	-	122,434	-	-
Prefunded Credit Applied	-	-	-	-	-
Transfers to Other Plans	48,870	-	-	-	239,939
Administrative Expenses	227,911	18,215	15,919	42,012	145,709
Total Deductions	409,862	251,756	2,066,526	2,111,855	4,578,849
Change in Net Assets Held in Trust for:					
Pension Benefits	959,021	(168,223)	(3,463,481)	(5,650,858)	-
Other Employee Benefits	-	-	-	-	83,387
External Investment Pool Participants	-	-	-	-	-
Other Purposes	-	-	-	-	-
Net Assets--Beginning of Year	7,666,213	8,083,749	39,442,394	70,961,280	720,030
Net Assets--End of Year	$ 8,625,234	$ 7,915,526	$ 35,978,913	$ 65,310,422	$ 803,417

Pension and Other Employee Benefit Trust Funds				Investment Trust Funds			Private-Purpose Trust Funds		
Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Total	City of Bismarck	ND Association Of Counties	Total	Student Donations	College SAVE	Total
$ 4,482,993	$ 18,244,655	$ 27,243,542	$ 51,373,424	$ -	$ -	$ -	$ -	$ -	$ -
4,421	17,379,812	29,171,623	53,767,156	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,305,617	2,305,617
-	-	-	239,939	-	-	-	-	-	-
-	-	-	138,275	-	-	-	-	-	-
-	-	-	-	-	-	-	7,050	-	7,050
4,487,414	35,624,467	56,415,165	105,518,794	-	-	-	7,050	2,305,617	2,312,667
(1,590,363)	(112,052,260)	(139,219,236)	(261,649,761)	(3,373,475)	(43,408)	(3,416,883)	-	17,860	17,860
-	37,261,290	32,895,173	71,070,114	1,231,535	19,224	1,250,759	3,571	5,806	9,377
49,785	3,602,891	4,307,272	8,343,898	116,146	3,375	119,521	-	-	-
(1,640,148)	(78,393,861)	(110,631,335)	(198,923,545)	(2,258,086)	(27,559)	(2,285,645)	3,571	23,666	27,237
-	1,986,019	1,399,015	3,617,432	73,564	2,179	75,743	-	-	-
-	1,755,233	1,183,221	3,144,937	65,541	1,900	67,441	-	-	-
-	230,786	215,794	472,495	8,023	279	8,302	-	-	-
76,322	1,059,313	-	1,135,635	-	-	-	-	-	-
-	12,301	-	431,533	-	-	-	-	-	-
2,923,588	(41,466,994)	(54,000,376)	(91,365,088)	(2,250,063)	(27,280)	(2,277,343)	10,621	2,329,283	2,339,904
-	40,871,330	67,482,482	116,911,651	-	-	-	5,438	-	5,438
3,626	3,129,801	2,743,408	5,999,269	-	-	-	-	1,537	1,537
3,759,567	-	-	3,759,567	-	-	-	-	-	-
-	337,553	-	626,362	-	-	-	-	-	-
80,909	983,258	1,066,309	2,580,242	-	-	-	-	-	-
3,844,102	45,321,942	71,292,199	129,877,091	-	-	-	5,438	1,537	6,975
(920,514)	(86,788,936)	(125,292,575)	(221,325,566)	-	-	-	-	-	-
-	-	-	83,387	-	-	-	-	-	-
-	-	-	-	(2,250,063)	(27,280)	(2,277,343)	-	-	-
-	-	-	-	-	-	-	5,183	2,327,746	2,332,929
24,664,160	1,134,178,962	1,290,662,140	2,576,378,928	34,877,421	558,519	35,435,940	143,324	-	143,324
$ 23,743,646	$ 1,047,390,026	$ 1,165,369,565	$ 2,355,136,749	$ 32,627,358	$ 531,239	$ 33,158,597	$ 148,507	$ 2,327,746	$ 2,476,253

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2002

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 979,943	$ 570,060	$ 902,477	$ 366,254	$ 4,967,865	$ 7,786,599
Cash and Cash Equivalents	1,684,959	-	10,255	258,420	5,579	1,959,213
Investments at the Bank of ND	7,921,940	-	-	50,000	-	7,971,940
Investments	2,331,543	-	-	27,980	-	2,359,523
Accounts Receivable-Net	-	5,822,950	298,328	-	-	6,121,278
Taxes Receivable-Net	-	-	-	-	10,211,316	10,211,316
Due from Other Funds	200	35	12	-	-	247
Other Assets	-	-	-	136,467	-	136,467
Total Assets	$ 12,918,585	$ 6,393,045	$ 1,211,072	$ 839,121	$ 15,184,760	$ 36,546,583
LIABILITIES						
Accounts Payable	$ -	$ -	$ 191,096	$ 797	$ -	$ 191,893
Intergovernmental Payable	-	5,912,760	-	-	15,184,759	21,097,519
Due to Other Funds	-	-	-	-	1	1
Amounts Held in Custody for Others	12,918,585	480,285	1,019,976	838,324	-	15,257,170
Total Liabilities	$ 12,918,585	$ 6,393,045	$ 1,211,072	$ 839,121	$ 15,184,760	$ 36,546,583

(Continued on Next Page)

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2002

	June 30 2001	Additions	Deductions	June 30 2002
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	$ 924,248	$ 321,120	$ 265,425	$ 979,943
Cash and Cash Equivalents	1,782,355	3,487,804	3,585,200	1,684,959
Investments at the Bank of ND	7,024,763	1,337,840	440,663	7,921,940
Investments	2,529,484	-	197,941	2,331,543
Accounts Receivable - Net	-	52,453	52,453	-
Due from Other Funds	-	1,200	1,000	200
Total Assets	$ 12,260,850	$ 5,200,417	$ 4,542,682	$ 12,918,585
LIABILITIES				
Accounts Payable	$ -	$ 108,000	$ 108,000	$ -
Due to Other Funds	-	1,000	1,000	-
Amounts Held in Custody for Others	12,260,850	19,333,312	18,675,577	12,918,585
Total Liabilities	$ 12,260,850	$ 19,442,312	$ 18,784,577	$ 12,918,585
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	$ 3,705,606	$ 73,066,405	$ 76,201,951	$ 570,060
Accounts Receivable - Net	6,148,594	72,595,605	72,921,249	5,822,950
Due from Other Funds	1,256	12,035	13,256	35
Total Assets	$ 9,855,456	$ 145,674,045	$ 149,136,456	$ 6,393,045
LIABILITIES				
Intergovernmental Payable	$ 6,864,568	$ 73,364,290	$ 74,316,098	$ 5,912,760
Due to Other Funds	-	311,723	311,723	-
Amounts Held in Custody for Others	2,990,888	72,869,375	75,379,978	480,285
Total Liabilities	$ 9,855,456	$ 146,545,388	$ 150,007,799	$ 6,393,045
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	$ 2,709,383	$ 87,037,088	$ 88,843,994	$ 902,477
Cash and Cash Equivalents	16,113	-	5,858	10,255
Accounts Receivable - Net	307,771	85,829,910	85,839,353	298,328
Due from Other Funds	-	764,006	763,994	12
Total Assets	$ 3,033,267	$ 173,631,004	$ 175,453,199	$ 1,211,072
LIABILITIES				
Accounts Payable	$ 164,501	$ 79,550,867	$ 79,524,272	$ 191,096
Due to Other Funds	1,673,679	7,755,383	9,429,062	-
Amounts Held in Custody for Others	1,195,087	87,015,774	87,190,885	1,019,976
Total Liabilities	$ 3,033,267	$ 174,322,024	$ 176,144,219	$ 1,211,072

STATE OF NORTH DAKOTA

Combining Statement Of Changes In Assets And Liabilities
Agency Funds (Continued)
For The Fiscal Year Ended June 30, 2002

	June 30 2001	Additions	Deductions	June 30 2002
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	$ 319,599	$ 1,519,869	$ 1,473,214	$ 366,254
Cash and Cash Equivalents	252,582	2,608,630	2,602,792	258,420
Investments at the Bank of ND	50,000	-	-	50,000
Investments	57,315	665	30,000	27,980
Accounts Receivable - Net	-	8,600	8,600	-
Interest Receivable - Net	605	-	605	-
Other Assets	116,638	725,412	705,583	136,467
Total Assets	$ 796,739	$ 4,863,176	$ 4,820,794	$ 839,121
LIABILITIES				
Accounts Payable	$ 1,726	$ 8,490	$ 9,419	$ 797
Amounts Held in Custody for Others	795,013	4,646,236	4,602,925	838,324
Total Liabilities	$ 796,739	$ 4,654,726	$ 4,612,344	$ 839,121
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	$ 6,941,849	$ 68,684,111	$ 70,658,095	$ 4,967,865
Cash and Cash Equivalents	1,100	4,479	-	5,579
Taxes Receivable - Net	6,697,986	72,082,680	68,569,350	10,211,316
Due From Other Funds	-	132,942	132,942	-
Total Assets	$ 13,640,935	$ 140,904,212	$ 139,360,387	$ 15,184,760
LIABILITIES				
Intergovernmental Payable	$ 13,463,775	$ 142,620,146	$ 140,899,162	$ 15,184,759
Due to Other Funds	177,160	866,491	1,043,650	1
Total Liabilities	$ 13,640,935	$ 143,486,637	$ 141,942,812	$ 15,184,760
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	$ 14,600,685	$ 230,628,593	$ 237,442,679	$ 7,786,599
Cash and Cash Equivalents	2,052,150	6,100,913	6,193,850	1,959,213
Investments at the Bank of ND	7,074,763	1,337,840	440,663	7,971,940
Investments	2,586,799	665	227,941	2,359,523
Accounts Receivable - Net	6,456,365	158,486,568	158,821,655	6,121,278
Taxes Receivable - Net	6,697,986	72,082,680	68,569,350	10,211,316
Interest Receivable - Net	605	-	605	-
Due from Other Funds	1,256	777,241	778,250	247
Other Assets	116,638	725,412	705,583	136,467
Total Assets	$ 39,587,247	$ 470,139,912	$ 473,180,576	$ 36,546,583
LIABILITIES				
Accounts Payable	$ 166,227	$ 79,667,357	$ 79,641,691	$ 191,893
Intergovernmental Payable	20,328,343	215,984,436	215,215,260	21,097,519
Due to Other Funds	1,850,839	8,934,597	10,785,435	1
Amounts Held in Custody for Others	17,241,838	183,864,697	185,849,365	15,257,170
Total Liabilities	$ 39,587,247	$ 488,451,087	$ 491,491,751	$ 36,546,583

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

AGRICULTURE

219 - Milk Marketing Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-18.1)

224 - Alcohol Motor Vehicle Fuel Fund
Funds used for the enhancement of agricultural research, development, processing, and marketing. (NDCC 4-14.1)

260 - Minor Use Pesticide Fund
Accounts for registration and donations to the pesticide control board. (NDCC 4-35)

264 - Anhydrous Ammonia Storage Inspection Fund
Account for inspection fees collected which are related to the distribution of anhydrous ammonia. (NDCC 19-20.2)

306 – Stockmen's Association Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 36-22)

308 - Agriculture Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-01)

329 - Seed Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-09, 4-10, and 4-11)

376 - Environment and Rangeland Protection Fund
To be used for rangeland improvement projects. (NDCC 19-18)

972 - Home Quarter Purchase Fund
This fund is for the subsidy of interest rates on home-quarter purchases. "Home-quarter" serves as the base unit of a farm and upon which the farm residence and buildings are located. (NDCC 6-09.10)

COMMODITY PROMOTION

208 - Soybean Council Fund
To promote the sale of North Dakota soybean products. (NDCC 4-10.5)

220 - Spud Fund
To promote the sale of North Dakota potato products. (NDCC 4-10.1)

221 - Turkey Promotion Fund
To promote the sale of North Dakota turkey products. (NDCC 4-13.1)

223 - Honey Promotion Fund
To promote the sale of North Dakota honey products. (NDCC 4-12.1)

227 - Dry Pea and Lentil Council Fund
To promote the sale of North Dakota dry pea and lentil bean products. (NDCC 4-10.7)

228 - Wheat Commission Fund
To promote the sale of North Dakota wheat products. (NDCC 4-28)

229 - Beef Commission Fund
To promote the sale of North Dakota beef products. (NDCC 4-34)

231 - Barley Growers Check-Off
To promote the sale of North Dakota barley products. (NDCC 4-10.4)

241 - Edible Bean Fund
To promote the sale of North Dakota edible bean products. (NDCC 4-10.3)

245 - Oilseed Fund
To promote the sale of North Dakota oilseed products. (NDCC 4-10.2)

270 - Corn Fund
To promote the sale of North Dakota corn products. (NDCC 4-10.6)

309 - Dairy Products Promotion Fund
To promote the sale of North Dakota dairy products. (NDCC 4-27)

COMMERCE

330 - Economic Development Commission Fund
Accounts for revenues and expenditures associated with the general operation of the economic development division. (NDCC 54-34)

342 – Community Services Fund
Accounts for revenues and expenditures associated with the general operation of the division of community services. (NDCC 54-44.5)

443 - Tourism Fund
Accounts for revenues and expenditures associated with the general operation of the tourism division. (NDCC 54-34.4)

CULTURAL AND NATURAL RESOURCES

216 - Non-Game Wildlife Fund
Funds used for the preservation, inventory, perpetuation, and conservation of non-game wildlife, natural areas, and nature preserves in this state. (NDCC 20.1-02)

234 - Fossil Excavation and Restoration Fund
Used for funds received by the geological survey for the excavation and restoration of fossils. (NDCC 54-17.4)

236 - State Waterbank Fund
Funds used for the purpose and implementation of wetland conservation and development plans. (NDCC 61-31)

249 - Surface Mine and Reclamation Fund
Funds used for the purpose of reclaiming land affected by surface coal mining operations. (NDCC 38-14.3)

253 - Historical Impact Emergency Fund
Used for emergency mitigation of adverse effects on cultural resources and historical buildings, structures, or objects in the state. (NDCC 55-02)

267 - Water Development Trust Fund
To be used to address the long-term water development and management needs of the state. (NDCC 54-27)

314 (934) - Lignite Research Fund
Funds used for contracts for land reclamation research projects and for research, development, and marketing of lignite and products derived from lignite. (NDCC 57-61)

317 - Oil and Gas Reservoir Data Fund
Funds used for defraying the costs of providing reservoir data compiled by the Industrial Commission to state, federal, and county departments and agencies, and members of the general public. (NDCC 38-08)

327 - State Historical Revolving Fund
Used for making investigations of permit applicants and for the management and analysis of records and artifacts. (NDCC 55-03)

377 - Historical Society Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 55-02)

397 - Water Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 61-02)

399 - Arts and Humanities Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-54)

415 - Historical Society Gift & Bequests Fund
All moneys coming into the hands of the State Historical Board as a grant, bequest, donation, etc., is deposited into this fund. Moneys must be paid out for the purposes prescribed by the donor and approved by the board. (NDCC 55-01)

445 - Abandoned Mine Reclamation Setaside Fund
To defray the administrative expenses of the program. (NDCC 38-14.2, effective 9/20/04)

448 - Abandoned Oil and Gas Reclamation Fund
Funds used for contracting the plugging of abandoned wells and for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and excess roads. (NDCC 38-08)

488 - Habitat and Depredation Fund
Funds used to improve private land habitats. (NDCC 20.1-02)

EDUCATION

206 (959) – Land Maintenance Fund
Ten percent of the income derived from state assets under control of the Board of University and School Lands to be used for the general operation of the department. (NDCC 15-03)

235 - Displaced Homemakers Fund
Funds for providing services for displaced homemakers. (NDCC 14-06.1)

271 - Vision Aids and Appliances Fund
Used by the School for the Blind to purchase and resell vision specific adaptive aids, devices and appliances to be used by blind and visually impaired persons resident in state. (NDCC 25-06)

274 – Independent Study Operating Fund
Accounts for the revenues and expenditures associated with the general operations of the Division of Independent Study. (NDCC 15-19)

353 - School for the Deaf Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

354 - School for the Blind Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

390 - Library Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 40-38)

391 - Public Instruction Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15.1-02)

393 – Vocational Education Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15-20.1)

440 - State Tuition Fund
Funds are to pay the amount apportioned among the several school districts of the state in proportion to the number of children of school age residing in each. (NDCC 15-44)

496 - Foundation Aid Stabilization Fund
Accounts for one-half of 20 percent of the revenue from oil extraction taxes collected and used to offset foundation aid reductions due to a revenue shortage. (Constitution of North Dakota, Art. X, Section 24)

702 - Department of Public Instruction-Printing Revolving Fund
Funds collected by the superintendent of public instruction as payment from schools for instructional materials developed and printed by the superintendent shall be paid into the printing revolving fund. (NDCC 15.1-03)

948 - School for the Blind - Federal Quota
Account for funds made available to buy text books from the American Printing House for the Blind Incorporated. (NDCC 15-59)

HEALTH AND HUMAN SERVICES

215 - Children's Services Coordinating Committee Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-56)

254 - Employment of People With Disabilities Fund
This fund is for the development of job opportunities for disabled individuals in this state. (NDCC 39-01)

257 - Organ/Tissue Transplant Fund
To provide financial assistance to transplant patients. (NDCC 23-01)

258 - Quality Restoration Fund
Moneys recovered from parties responsible for an environmental emergency. Used for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis. (NDCC 23-31)

313 - Environmental Health Practitioners License Administrators Fund
Accounts for revenues and expenditures associated with advisory board duties. (NDCC 43-43)

315 - ND Health Care Trust Fund
Funds to be used for long-term care reform. (NDCC 50-30)

316 - Community Health Trust Fund
To be used for community-based public health systems and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in the state. (NDCC 54-27)

318 - Indian Affairs Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-36)

360 - Human Services Department Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 50-06)

370 - Health and Consolidated Laboratories Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 23-01)

371 - Wastewater Operators Certificate Fund
The health department shall regulate waste treatment plants, water distribution systems, and wastewater treatment plants and provide operator training to protect the public health and prevent pollution of the waters of the state. (NDCC 23-26)

381 – Long-Term Care Facility Loan Fund
A revolving loan fund for the purpose of making loans to nursing facilities, basic care facilities, and assisted living facilities. (NDCC 6-09.16)

419 - Children's Trust Fund
To aid in the prevention of child abuse and neglect and developing child abuse prevention programs. (NDCC 50-27)

462 - Domestic Violence Prevention Fund
Used for grants to private nonprofit organizations that are engaged in providing emergency housing for victims of domestic violence and their dependents. (NDCC 14-03)

931 - Human Services Donor Implied Trust Fund
Funds donated with informal requests to be used for the welfare of the patients the department serves. (NDCC 15-67)

938 - State Hospital - Special Revenue Fund
Accounts for funds donated for the patients' religious and welfare needs. (NDCC 25-01)

996 - Developmental Center Residents Welfare Fund
Accounts for funds donated for the residents' needs. (NDCC 25-01)

JUDICIAL AND LEGAL

204 - Attorney General Asset Forfeiture Fund
Funds obtained from the authorized sale of assets seized and forfeited from narcotics investigations and arrests. (NDCC 54-12)

237 - Indigent Civil Legal Services Fund
Funds to provide legal services to persons unable to afford private counsel. (NDCC 54-06)

250 - Attorney General Refund Fund
Accounts for financial resources of the consumer fraud division. (NDCC 54-12)

312 - State Courts
Revenues are from a filing fee charged by the clerk of the supreme court. Moneys are used to procure the necessary records, supplies and furniture to be used by the supreme court. (NDCC 27-03)

322 - Attorney General Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-12)

328 - Judicial Conduct Commission Fund
Funds to investigate complaints against any judge in the state and to conduct hearings concerning the discipline, removal, or retirement of any judge. (NDCC 27-23)

339 - Horse Racing Fund
Revenues are intended to promote racing, supplement purses, and award racehorse breeders in addition to operating expenses of the Racing Commission. (NDCC 53-06.2)

935 - Five State Judicial Council
Funds to provide an account for moneys related to the sponsoring of a judicial conference for justices and judges from the participating states. (OMB Policy 211)

LAND DEPARTMENT COAL AND MINERAL

493 (955) - Land and Minerals Trust:
Income derived from the sale, lease, and management of the mineral interests acquired by the Board of University and School Lands. (NDCC 15-08.1)

515(956) - Coal Development Trust
Revenues are from severance tax on coal. The fund is held in trust and administered by the Board of University and School Lands for loans to coal impacted political subdivisions. (NDCC 57-62)

LOCAL GOVERNMENT

238(925) - Energy Development Impact
Accounts for monies to be distributed through grants to coal impacted political subdivisions. (NDCC 57-62)

240 - Insurance Tax Distribution Fund
Accounts for financial resources for fire departments within the State. (NDCC 18-04)

400 - Highway Tax Distribution Fund
Accounts for collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes that are allocated to counties, cities, and other political subdivisions for the construction and maintenance of highways. (NDCC 54-27)

401 - State Aid Distribution Fund
Accounts for a portion of sales, use, and motor vehicle excise taxes that are deposited into this fund and are allocated to local political subdivisions. (NDCC 57-39.2)

405 - Financial Institution Tax Distribution
Accounts for a tax imposed on each financial institution for distribution to counties. (NDCC 57-35.3)

412 - Coal Severance Tax Distribution Fund
Accounts for a portion of the tax imposed upon all coal severed for sale or for industrial purposes by coal mines to be distributed to counties. (NDCC 57-61)

416 - Federal Tax Replacement Fund
Accounts for collecting federal funds and distributes those funds back to counties for Flood Control, Taylor Grazing and National Forests. (NDCC 15-01)

420 - Cigarette Tax Distribution Fund
Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities. (NDCC 57-36)

424 – Telecommunications Carriers Tax Fund
Accounts for the telecommunications carriers' tax that is allocated to counties. (NDCC 57-34)

427 - Oil and Gas Production Tax Distribution Fund
Accounts for a portion of real property tax on oil and gas producing mineral estates and interests to be allocated to counties. (NDCC 57-51)

431 - Transmission Line Tax Distribution Fund
Accounts for tax of transmission lines and the allocation to counties in which such transmission lines are located. (NDCC 57-33.1)

444 - Township Road and Bridge Fund
Moneys from the Township Highway Aid Fund and fifty percent matching funds based on the length of township roads in each organized township compared to the length of all township roads in the county. Used for highway and bridge purposes. (NDCC 54-27)

446 – Gaming and Excise Tax Allocation Fund
Accounts for a portion of gaming and excise taxes that are deposited in this fund for distribution to cities and counties. (NDCC 53-06.1)

454 - Coal Conversion Tax Trust Fund
Accounts for a portion of the tax paid monthly for the privilege of producing products of such coal conversion facility to be allocated to counties. (NDCC 57-60)

468 - Estate Tax Distribution Fund Monies collected from Estate Tax. Following the end of each calendar quarterly period the state treasurer shall pay over to the county treasurer of the appropriate county, for its general fund, the amount of tax collected on the transfer of the property in that county. (NDCC 57-37.1)

494 - Air Transportation Fund
Taxes imposed upon air transportation companies. Within ninety days after receipt the funds must be allocated and remitted by the state treasurer to the cities or municipal airport authorities where such transportation companies make regularly scheduled landings. (NDCC 57-32)

OIL TAX RESOURCES

469 - Oil Tax Resources Trust Fund
Funds to be used by the state water commission for planning for and construction of water-related projects, including rural water systems. (NDCC 57-51.1)

OTHER SPECIAL

212 - Statewide Conference
Accounts for revenues and expenditures for state agencies that have conferences. (OMB Policy 211)

246 - State Auditor's Operating Fund
Accounts for revenues and expenditures associated with the operations of the political subdivision of the Office. (NDCC 54-10)

251 - Capitol Grounds Planning Fund
Funds dedicated to implement the Capitol Grounds Master Plan for the development of the capitol grounds. (NDCC 48-10)

256 - Bicentennial Trust Fund
Fund to be used to commemorate and celebrate North Dakota's bicentennial. (NDCC 54-11)

259 - Legislative Services Fund
Accounts for fees received for providing legislative information services and copies of documents. (NDCC 54-35)

263 - Secretary of State General Services Fund
Accounts for revenues and expenditures relating to certain services provided by the department. (NDCC 54-09)

266 - Administrative Hearings Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-57)

272 – Multistate Tax Commission Fund
Accounts for expenditures of the multistate tax commission. (2001 S.L., HB 1006)

302 – Athletic Commission Fund
Accounts for revenues and expenditures associated with the athletic advisory board. (NDCC 53-01)

304 - Governor's Special Fund
Moneys that have become available during the biennium from federal funds and private funds. (2001 S.L. ch. 1, Sec. 2,)

307 - Veterinary Medical Exam Fund
Fund used by the North Dakota state board of veterinary medical examiners for the purpose of licensing and policing the requirements of their industry. (NDCC 43-29)

384 - Jobs Training Program Fund
Accounts for projects established by job service North Dakota to provide workers with education and training required for jobs in new or expanding primary sector businesses in the state. (NDCC 52-02.1)

392 - Insurance Recoveries Property Fund
Funds from insurance claims for damaged or destroyed property are deposited into this fund. Agencies are allowed to incur expenditures to replace this property, but are limited by the amount collected and deposited into the fund. (NDCC 54-44.1)

460 - Preliminary Planning Revolving Loan Fund
Used for the prepayment of consulting and planning fees for new capital improvements and major remodeling of existing facilities. (NDCC 54-27)

603 - Concession Fund - State Historical Society
Funds received in the normal course of business from concession operations actually carried on by the state as a proprietor. All moneys are expended in the course of carrying on the business activities of such concession operations. (NDCC 55-02)

701 - Postage Revolving Fund
Fund collections from the state offices, departments, and agencies, for postage, shall be paid into the fund. (NDCC 48-06)

730 - Central Personnel Training Fund
Fund used for the coordination of employee training and development programs to state departments and agencies. (NDCC 54-44)

902 - Capitol Renovation Fund
Funds dedicated and reserved for the exclusive use of renovations needed to the capitol buildings and grounds. (NDCC 48-10)

968 - Job Service - Special Revenue
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 52-02)

997 – Capitol Building Fund
Accounts for moneys accumulated from the sale or leasing of any lands granted in the Enabling Act for the purpose of erecting public buildings at the capital for legislative, executive and judicial purposes. (The Enabling Act, Section 12)

PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION (PACE) FUNDS

916 - Partnership in Assisting Community Expansion Fund
Fund to buy down the interest rate on loans made by a lead financial institution in participation with the Bank of North Dakota. (NDCC 6-09.14)

917 - Agricultural PACE Fund
Fund to reduce the interest rate on loans made for a farm business (i.e. purchase of real property and equipment, expansions, working capital and purchase of inventory). (NDCC 6-09.13)

PERMANENT OIL TAX TRUST

432 - Permanent Oil Tax Trust Fund
Accounts for oil and gas tax revenues in excess of the amount specified for deposit in the general fund. (NDCC 57-51.1)

PUBLIC SAFETY AND CORRECTIONS

214 - National Guard Emergency Fund
Funds used for costs of the national guard in performing emergency State services. (NDCC 37-01)

366 - Penitentiary - Land Replacement Fund
Fund used for the acquisition of additional land and facilities to maintain, expand, or relocate the state farm and the farming and ranching operations of the North Dakota state penitentiary and for penitentiary renovation. (NDCC 54-23.3)

372 - Crime Victims Gift Fund
All donations to the department of corrections and rehabilitation in the form of restitution funds, gifts, grants and bequests of property or money, and any interest accruing, must be placed in this fund. (NDCC 54-23.4)

373 - Radio Communications Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-23.2)

375 - Emergency Management Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-17.1)

378 - State Hazardous Chemicals Fund
Account for revenue collected from the state hazardous chemical fee system. (NDCC 37-17.1)

379 - Department of Corrections Operating
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 12-47)

383 - National Guard Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-01)

385 - National Guard Military Grounds Fund
Funds used for the improvement of the properties for military uses. (NDCC 37-03)

RECREATION

222 - Game and Fish Department Fund
Accounts for the revenues and expenditures associated with the operation of the game and fish department. (NDCC 20.1-02)

261 - Snowmobile Fund
Fund for administering snowmobile safety programs and establishing and maintaining snowmobile facilities. (NDCC 39-24)

265 - State Parks Gift Fund
All donations to the state parks and recreation department in the form of gifts, trusts, and bequests of property or money, and any interest accruing thereon, must be placed in the fund. (NDCC 55-08)

398 - Parks and Recreation Fund
Accounts for revenues and expenditures associated with the general operation of the parks and recreation department. (NDCC 55-08)

441 - Trail Tax Transfer Fund
Fund used for all-terrain vehicle safety education and promotion. (NDCC 39-29)

602 - State Parks Concession Fund
Fund used for the procurement of supplies of a suitable nature for the operation of concession stands at the state parks. Also for repair, replacement construction, and maintenance of concession buildings, facilities, and properties. (NDCC 55-08)

REGULATORY

209 - Unsatisfied Judgment Fund
Funds to pay for damages occurring from a motor vehicle accident when a judgment has been rendered and the judgment debtor is unable to satisfy the claim. (NDCC 26.1-23)

233 - Petroleum Release Compensation Fund
Funds to provide for cleanup of petroleum spills through the establishment of a petroleum release compensation fund. (NDCC 23-37)

239 - Insurance Regulatory Trust Fund
Funds to defray the expenses of the insurance department in the discharge of its administrative and regulatory powers and duties. (NDCC 26.1-01)

242 - Financial Institution Regulatory Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 6-01)

248 - Public Service Commission Valuation Fund
Accounts for revenues and expenditures associated with rate hearings, investigations and proceedings. The utility being investigated pays these expenses. (NDCC 49-02 and 49-21)

262 - Securities Protection Fund
Accounts for revenues and expenditures from civil penalties collected from securities enforcement actions. (NDCC 10-04)

305 - Industrial Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-36)

TRANSPORTATION

200 - Highway Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 24-02)

202 - Abandoned Vehicle Fund
Funds used to dispose abandoned motor vehicles and other forms of scrap metal. (NDCC 39-26)

205 - Motorcycle Safety Fund
Motorcycle safety education fees used for promoting motorcycle safety. (NDCC 39-28)

217 – Motor Vehicle Registration Fund
Fees from dealer registrations are to be deposited in this fund. (NDCC 39-22)

225 – State Infrastructure Bank (SIB)
Funds for funding eligible projects as determined by agreement of the members of the multi-state infrastructure bank. (NDCC 24-02)

230 - Special Road Fund
Used for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas. (NDCC 24-02)

232 - Public Transportation Fund
A fee for each motor vehicle registered is deposited in this fund and is used to establish and maintain public transportation, especially for the elderly and handicapped. (NDCC 39-04.2)

324 - Aeronautics Commission Special Fund
This fund is unclaimed refund revenue collected by the aeronautics commissioner and shall be administered and expended by the aeronautics commission for construction, reconstruction, repair, maintenance, and operation of airports near communities, recreational areas, or parks and for necessary expenses and for the purchase of land and easements for such facilities. (NDCC 57-43.3)

VETERANS

368 - Veterans Aid Fund
The sum of seven hundred thousand dollars is a permanent revolving fund of the veterans' aid fund and is used solely for the purpose of making loans to veterans. (NDCC 37-14)

380 - Soldiers Home Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-15)

410 - Veterans Postwar Trust Fund
Fund is utilized for programs of benefit and service to veterans or their dependents. (NDCC 37-14)

433 - Veterans Cemetery Fund
Funds used for the maintenance and operation of the Veteran's Cemetery. (NDCC 37-03)

491 - Veterans' Cemetery Trust Fund
Accounts for distinctive motor license plates fees for the operation of the Veterans' Cemetery. (NDCC 39-04)

941 – Commandant's Fund
A conglomerate of funds from interest, sales of crafts, bus charges, cable television, and donations to the home from the many organizations that donate to the home. These donations are earmarked for a specific use or purpose. (NDCC 37-15)

Capital Projects Funds

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

BUILDING AUTHORITY

960 - Building Authority Capital Projects Fund
Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings. (NDCC 54-17.2)

WATER COMMISSION

961 - Water Commission - Capital Projects Fund
Account for the construction of water related projects, including rural water systems. (NDCC 61-02)

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority. (NDCC 54-17.2)

LIGNITE RESEARCH

928 - Lignite Research Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Industrial Commission of North Dakota to assist Dakota Gasification Company with the funding of construction of an anhydrous ammonia plant. (NDCC 54-17.5)

WATER COMMISSION

962 - Water Commission Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the State Water Commission. (NDCC 61-02)

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
ASSETS						
Cash Deposits at the Bank of ND	$ 5,288,842	$ 2,582,241	$ 5,011,241	$ 43,361,636	$ 15,632,401	$ 29,485,821
Cash and Cash Equivalents	183,939	1,597,268	-	6,400	298,069	689,796
Investments at the Bank of ND	1,393,742	-	2,800,000	4,112,228	-	9,640,000
Investments	-	1,220,000	-	295,000	-	32,315,537
Accounts Receivable - Net	216,121	1,188,522	847	-	2,493,474	4,792,747
Taxes Receivable - Net	36,665	-	-	46,325	174,927	397
Interest Receivable - Net	785	4,335	299,924	14,249	-	24,403
Intergovernmental Receivable - Net	-	-	-	906,185	-	1,093,168
Due from Other Funds	6,237	8,835	1,821	1,227,119	18,083	13,414,468
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	127,247	-
Loans and Notes Receivable - Net	5,136	-	10,430,615	4,017,569	-	2,608,185
Total Assets	$ 7,131,467	$ 6,601,201	$ 18,544,448	$ 53,986,711	$ 18,744,201	$ 94,064,522
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 102,647	$ 561,332	$ 112,246	$ 3,495,119	$ 48,408	$ 1,596,977
Accrued Payroll	147,043	82,382	3,757	32,484	197,208	604,623
Securities Lending Collateral	-	-	-	-	-	3,682,134
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	315,956	-	-
Tax Refunds Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	181,131	-	-
Due to Other Funds	21,082	67,620	16,090	273,220	406,130	9,982,021
Deferred Revenue	50,472	-	-	53,636	842,292	-
Other Liabilities	-	-	-	-	-	-
Total Liabilities	321,244	711,334	132,093	4,351,546	1,494,038	15,865,755
Fund Balances:						
Reserved for:						
Inventory	-	-	-	-	127,247	-
Long - Term Receivables	5,136	-	10,430,615	4,017,569	-	2,608,185
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Permanent Trust Fund						
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	422,151
Unreserved, undesignated	6,805,087	5,889,867	7,981,740	45,617,596	17,122,916	75,168,431
Total Fund Balances	6,810,223	5,889,867	18,412,355	49,635,165	17,250,163	78,198,767
Total Liabilities and Fund Balances	$ 7,131,467	$ 6,601,201	$ 18,544,448	$ 53,986,711	$ 18,744,201	$ 94,064,522

(Continued On Next Page)

Special Revenue Funds							
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ 8,376,925	$ 1,874,144	$ 32,235,419	$ 379,692	$ 3,398,125	$ 15,304,369	$ 13,179,298
222,753	-	1,031,589	-	16,227	-	-
3,805	-	-	15,950,000	519,845	-	-
-	22,675,674	-	-	234,851	-	-
1,256,027	-	375,704	489	153,468	-	-
-	217,794	37,615,834	349,854	208,344	-	-
6,467	232,036	-	61,407	152,131	-	-
-	-	-	-	-	-	-
75,165	125,647	-	15,317	125,904	-	-
-	-	-	-	-	943,786	-
-	-	-	-	418,794	-	-
-	33,489,637	-	5,939,599	-	-	-
$ 9,941,142	$ 58,614,932	$ 71,258,546	$ 22,696,358	$ 5,227,689	$ 16,248,155	$ 13,179,298
$ 125,381	$ -	$ -	$ -	$ 358,808	$ -	$ -
103,244	8,602	-	-	100,779	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,695,377	-	-	-	-
-	-	75	-	-	-	-
-	-	-	-	5,665	-	-
25,386	364,531	-	186,736	19,073	-	-
-	-	8,715,110	-	106,594	-	-
-	-	-	-	-	-	-
254,011	373,133	30,410,562	186,736	590,919	-	-
-	-	-	-	418,794	-	-
-	33,489,637	-	5,939,599	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	943,786	-
-	-	-	-	-	10,763,063	-
3,860	-	-	-	-	4,541,306	-
-	-	-	-	-	-	-
9,683,271	24,752,162	40,847,984	16,570,023	4,217,976	-	13,179,298
9,687,131	58,241,799	40,847,984	22,509,622	4,636,770	16,248,155	13,179,298
$ 9,941,142	$ 58,614,932	$ 71,258,546	$ 22,696,358	$ 5,227,689	$ 16,248,155	$ 13,179,298

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2002

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 2,745,228	$ 6,950,155	$ 4,175,979	$ 50,470,003	$ 879,213	$ 241,330,732
Cash and Cash Equivalents	7,561	657,849	15,243	156,210	140,371	5,023,275
Investments at the Bank of ND	-	14,253,900	-	-	-	48,673,520
Investments	-	-	9,539,537	-	3,826,772	70,107,371
Accounts Receivable - Net	763,114	40,248	84,770	725,480	211,960	12,302,971
Taxes Receivable - Net	-	104,937	52,946	6,302,335	-	45,110,358
Interest Receivable - Net	-	34	80,218	198,723	91,612	1,166,324
Intergovernmental Receivable - Net	-	-	-	940,210	-	2,939,563
Due from Other Funds	11,770	3,517,792	290,976	9,478,982	1,993	28,320,109
Prepaid Items	-	-	-	-	-	943,786
Inventory	-	55,871	123,251	4,460,197	-	5,185,360
Loans and Notes Receivable - Net	-	-	-	4,780,408	258,421	61,529,570
Total Assets	$ 3,527,673	$ 25,580,786	$ 14,362,920	$ 77,512,548	$ 5,410,342	$ 522,632,939
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 603,678	$ 907,867	$ 56,404	$ 8,821,709	$ 21,632	$ 16,812,208
Accrued Payroll	67,513	670,970	241,768	3,122,396	44,008	5,426,777
Securities Lending Collateral	-	-	1,109,534	-	27,002	4,818,670
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	49,955	-	22,061,288
Tax Refunds Payable	-	-	62,401	580,084	-	642,560
Contracts Payable	7,669	-	-	1,013,612	-	1,208,077
Due to Other Funds	167,353	769,373	1,600,882	1,324,917	5,972	15,230,386
Deferred Revenue	245,704	-	58,351	25,870	1,462	10,099,491
Other Liabilities	-	-	-	-	-	-
Total Liabilities	1,091,917	2,348,210	3,129,340	14,938,543	100,076	76,299,457
Fund Balances:						
Reserved for:						
Inventory	-	55,871	123,251	4,460,197	-	5,185,360
Long - Term Receivables	-	-	-	4,780,408	258,421	61,529,570
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	943,786
Permanent Trust Fund						
Legal Requirements	-	-	-	-	-	10,763,063
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	4,545,166
Patients Welfare	-	-	-	-	38,312	460,463
Unreserved, undesignated	2,435,756	23,176,705	11,110,329	53,333,400	5,013,533	362,906,074
Total Fund Balances	2,435,756	23,232,576	11,233,580	62,574,005	5,310,266	446,333,482
Total Liabilities and Fund Balances	$ 3,527,673	$ 25,580,786	$ 14,362,920	$ 77,512,548	$ 5,410,342	$ 522,632,939

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Building Authority	Lignite Research	Water Commission	Total	Building Authority	Water Commission	Total	
$ 505,000	$ 116	$ 2,741,787	$ 3,246,903	$ 16,023,000	$ 3,645,108	$19,668,108	$ 264,245,743
-	-	1,720,576	1,720,576	-	88,283	88,283	6,832,134
11,384,000	882,500	-	12,266,500	-	-	-	60,940,020
-	-	-	-	-	-	-	70,107,371
-	-	-	-	-	-	-	12,302,971
-	-	-	-	-	-	-	45,110,358
-	6,784	90,517	97,301	-	98	98	1,263,723
-	-	33,311	33,311	-	-	-	2,972,874
93,000	-	-	93,000	-	-	-	28,413,109
-	-	-	-	-	-	-	943,786
-	-	-	-	-	-	-	5,185,360
-	-	-	-	-	-	-	61,529,570
$ 11,982,000	$ 889,400	$ 4,586,191	$ 17,457,591	$ 16,023,000	$ 3,733,489	$19,756,489	$ 559,847,019
$ -	$ -	$ -	$ -	$ 231,000	$ 1,722,321	$ 1,953,321	$ 18,765,529
-	-	-	-	-	-	-	5,426,777
-	-	-	-	-	-	-	4,818,670
-	31,220	-	31,220	-	-	-	31,220
-	-	-	-	-	-	-	22,061,288
-	-	-	-	-	-	-	642,560
-	-	-	-	-	-	-	1,208,077
-	-	-	-	6,038,000	-	6,038,000	21,268,386
-	-	-	-	-	-	-	10,099,491
267,000	-	-	267,000	-	-	-	267,000
267,000	31,220	-	298,220	6,269,000	1,722,321	7,991,321	84,588,998
-	-	-	-	-	-	-	5,185,360
-	-	-	-	-	-	-	61,529,570
11,715,000	858,180	4,586,191	17,159,371	-	-	-	17,159,371
-	-	-	-	9,754,000	2,011,168	11,765,168	11,765,168
-	-	-	-	-	-	-	943,786
-	-	-	-	-	-	-	10,763,063
-	-	-	-	-	-	-	4,545,166
-	-	-	-	-	-	-	460,463
-	-	-	-	-	-	-	362,906,074
11,715,000	858,180	4,586,191	17,159,371	9,754,000	2,011,168	11,765,168	475,258,021
$ 11,982,000	$ 889,400	$ 4,586,191	$ 17,457,591	$ 16,023,000	$ 3,733,489	$19,756,489	$ 559,847,019

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For The Fiscal Year Ended June 30, 2002

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 16,264
Sales and Use Taxes	1,550,981	-	2,544	-	-	-
Oil, Gas, and Coal Taxes	-	-	-	613,333	1,699,860	-
Business Taxes	208,996	-	-	-	-	-
Licenses, Permits and Fees	3,401,903	-	1,203	596,334	-	1,327,288
Intergovernmental	-	-	-	152,921	-	368,482
Sales and Services	2,072,363	1,956	114,435	55,781	3,635,612	14,589,360
Royalties and Rents	-	-	-	-	177,804	173,670
Fines and Forfeits	256,250	2,256	-	-	4,858,213	-
Interest and Investment Income	50,112	95,043	469,752	884,123	-	(1,105,535)
Tobacco Settlement	-	-	-	12,051,320	-	2,678,071
Commodity Assessments	-	9,443,805	-	-	-	-
Miscellaneous	22,559	60,512	73,997	201,544	50,861	751,694
Total Revenues	7,563,164	9,603,572	661,931	14,555,356	10,422,350	18,799,294
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Education	-	-	-	-	37,042,484	-
Health and Human Services	70,534	-	-	-	-	42,528,684
Regulatory	-	-	-	139,703	-	-
Public Safety and Corrections	-	-	-	-	-	-
Agriculture and Commerce	6,108,280	9,418,873	1,062,361	2,763,857	-	-
Natural Resources	-	-	-	9,751,715	-	-
Transportation	-	-	-	-	-	-
Intergovernmental - Revenue Sharing	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Total Expenditures	6,178,814	9,418,873	1,062,361	12,655,275	37,042,484	42,528,684
Revenues over (under) Expenditures	1,384,350	184,699	(400,430)	1,900,081	(26,620,134)	(23,729,390)
OTHER FINANCING SOURCES (USES)						
Proceeds from Bonds and Notes	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	35,000	-	-	-	890	-
Other	-	-	-	-	-	-
Transfers In	90,105	-	1,220,442	5,414,460	29,450,808	33,482,646
Transfers Out	(34,633)	(545,485)	(17,799)	(3,715,182)	(228,951)	(917,913)
Total Other Financing Sources (Uses)	90,472	(545,485)	1,202,643	1,699,278	29,222,747	32,564,733
Net Change in Fund Balances	1,474,822	(360,786)	802,213	3,599,359	2,602,613	8,835,343
Fund Balances - Beginning of Year, as Adjusted	5,335,401	6,250,653	17,610,142	46,035,806	14,647,550	69,363,424
Fund Balances - End of Year	$ 6,810,223	$ 5,889,867	$ 18,412,355	$ 49,635,165	$ 17,250,163	$ 78,198,767

(Continued On Next Page)

Special Revenue Funds							
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ -	$ -	$ 7,104,219	$ -	$ 2,207,455	$ -	$ -
-	-	76,366,795	-	86,464	-	-
-	3,450,000	26,267,937	3,421,933	-	-	-
-	-	16,423,299	-	-	-	-
42,395	-	15,692,964	-	31,630	-	-
-	-	87,425	-	63,026	-	-
4,314,089	-	-	-	1,720,175	-	-
-	1,175,291	-	6,800	106,567	-	-
952,576	-	101	-	700,000	-	-
91,148	2,566,630	-	721,551	252,888	391,276	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
37,255	-	-	-	982,682	-	-
5,437,463	7,191,921	141,942,740	4,150,284	6,150,887	391,276	-
2,528,458	130,519	-	-	3,638,166	-	-
-	-	-	-	17,140	-	-
-	-	-	-	871,178	-	-
155,787	-	-	-	135,199	-	-
203,366	-	-	-	477,088	-	-
-	-	-	-	93,494	2,991,274	-
-	-	-	-	607,373	-	-
-	-	-	-	95,718	-	-
-	-	142,778,046	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,887,611	130,519	142,778,046	-	5,935,356	2,991,274	-
2,549,852	7,061,402	(835,306)	4,150,284	215,531	(2,599,998)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	906,666	-	-	198,537	3,750,000	-
(30,116)	(5,393,985)	-	(2,999,460)	(41,229)	-	-
(30,116)	(4,487,319)	-	(2,999,460)	157,308	3,750,000	-
2,519,736	2,574,083	(835,306)	1,150,824	372,839	1,150,002	-
7,167,395	55,667,716	41,683,290	21,358,798	4,263,931	15,098,153	13,179,298
$ 9,687,131	$ 58,241,799	$ 40,847,984	$ 22,509,622	$ 4,636,770	$ 16,248,155	$ 13,179,298

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds (Continued)
For The Fiscal Year Ended June 30, 2002

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 9,327,938
Sales and Use Taxes	-	343,964	24,438	67,220,483	-	145,595,669
Oil, Gas, and Coal Taxes	-	-	-	-	-	35,453,063
Business Taxes	-	-	17,263	-	-	16,649,558
Licenses, Permits and Fees	108,375	11,000,640	3,905,356	42,842,458	19,653	78,970,199
Intergovernmental	64,035	25	8,648	607,815	-	1,352,377
Sales and Services	1,582,091	1,476,666	1,678,322	381,448	1,241,552	32,863,850
Royalties and Rents	210,344	33,584	-	150,880	654	2,035,594
Fines and Forfeits	-	7,337	205,025	-	-	6,981,758
Interest and Investment Income	-	24,608	(229,837)	765,190	28,686	5,005,635
Tobacco Settlement	-	-	-	-	-	14,729,391
Commodity Assessments	-	-	-	-	-	9,443,805
Miscellaneous	66,538	155,906	10,638	297,847	4,656	2,716,689
Total Revenues	2,031,383	13,042,730	5,619,853	112,266,121	1,295,201	361,125,526
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	6,297,143
Education	-	-	-	-	-	37,059,624
Health and Human Services	-	-	-	39,276	1,669,046	45,178,718
Regulatory	-	-	4,372,902	-	-	4,803,591
Public Safety and Corrections	3,882,864	-	-	109,193	12,673	4,685,184
Agriculture and Commerce	-	-	-	-	-	22,438,139
Natural Resources	-	9,085,580	-	-	-	19,444,668
Transportation	-	-	-	109,863,841	-	109,959,559
Intergovernmental - Revenue Sharing	-	-	-	-	-	142,778,046
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-
Total Expenditures	3,882,864	9,085,580	4,372,902	110,012,310	1,681,719	392,644,672
Revenues over (under) Expenditures	(1,851,481)	3,957,150	1,246,951	2,253,811	(386,518)	(31,519,146)
OTHER FINANCING SOURCES (USES)						
Proceeds from Bonds and Notes	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	85	1,810	238,008	17,242	293,035
Other	-	-	-	3,813	-	3,813
Transfers In	2,190,059	-	121,878	2,209,937	170,145	79,205,683
Transfers Out	-	(82,883)	(1,466,899)	(508,812)	(138,705)	(16,122,052)
Total Other Financing Sources (Uses)	2,190,059	(82,798)	(1,343,211)	1,942,946	48,682	63,380,479
Net Change in Fund Balances	338,578	3,874,352	(96,260)	4,196,757	(337,836)	31,861,333
Fund Balances - Beginning of Year, as Adjusted	2,097,178	19,358,224	11,329,840	58,377,248	5,648,102	414,472,149
Fund Balances - End of Year	$ 2,435,756	$ 23,232,576	$ 11,233,580	$ 62,574,005	$ 5,310,266	$ 446,333,482

Debt Service Funds				Capital Projects Funds			
Building Authority	Lignite Research	Water Commission	Total	Building Authority	Water Commission	Total	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,327,938
-	-	-	-	-	-	-	145,595,669
-	-	-	-	-	-	-	35,453,063
-	-	-	-	-	-	-	16,649,558
-	-	-	-	-	-	-	78,970,199
-	-	-	-	-	-	-	1,352,377
-	-	1,179,426	1,179,426	-	-	-	34,043,276
-	-	-	-	-	-	-	2,035,594
-	-	-	-	-	-	-	6,981,758
346,000	55,596	243,306	644,902	420,000	497,578	917,578	6,568,115
-	-	-	-	-	-	-	14,729,391
-	-	-	-	-	-	-	9,443,805
-	-	-	-	-	-	-	2,716,689
346,000	55,596	1,422,732	1,824,328	420,000	497,578	917,578	363,867,432
-	-	-	-	-	-	-	6,297,143
-	-	-	-	-	-	-	37,059,624
-	-	-	-	-	-	-	45,178,718
-	-	-	-	-	-	-	4,803,591
-	-	-	-	-	-	-	4,685,184
-	-	-	-	-	-	-	22,438,139
-	-	-	-	-	-	-	19,444,668
-	-	-	-	-	-	-	109,959,559
-	-	-	-	-	-	-	142,778,046
-	-	-	-	905,000	8,082,009	8,987,009	8,987,009
4,471,000	800,000	1,103,010	6,374,010	-	-	-	6,374,010
4,539,000	301,690	2,486,787	7,327,477	-	-	-	7,327,477
9,010,000	1,101,690	3,589,797	13,701,487	905,000	8,082,009	8,987,009	415,333,168
(8,664,000)	(1,046,094)	(2,167,065)	(11,877,159)	(485,000)	(7,584,431)	(8,069,431)	(51,465,736)
2,706,000	-	-	2,706,000	8,424,000	238,445	8,662,445	11,368,445
-	-	-	-	-	-	-	293,035
-	-	-	-	-	-	-	3,813
6,851,000	1,014,734	2,308,847	10,174,581	-	-	-	89,380,264
-	-	-	-	(7,037,000)	(140)	(7,037,140)	(23,159,192)
9,557,000	1,014,734	2,308,847	12,880,581	1,387,000	238,305	1,625,305	77,886,365
893,000	(31,360)	141,782	1,003,422	902,000	(7,346,126)	(6,444,126)	26,420,629
10,822,000	889,540	4,444,409	16,155,949	8,852,000	9,357,294	18,209,294	448,837,392
$ 11,715,000	$ 858,180	$ 4,586,191	$ 17,159,371	$ 9,754,000	$ 2,011,168	$ 11,765,168	$ 475,258,021

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
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STATE OF NORTH DAKOTA
Statistical Section Schedules
That Are Not Applicable

The following schedules are not included in the Statistical Section for the reasons stated below:

Property Tax Levies and Collections

This schedule relates to property taxes, which the State does not assess.

Assessed and Estimated Actual Value of Taxable Property

This schedule relates to property taxes, which the State does not assess.

Property Tax Rates - All Overlapping Governments

This schedule relates to property taxes, which the State does not assess.

Special Assessment Billings and Collections

This schedule relates to special assessments, which the State does not assess.

Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures

The general obligation debt is supported fully by enterprise fund revenues.

Computation of Overlapping Debt

This schedule relates to property taxes, which the State does not assess.

Property Value and Construction

The information on property values and construction is not applicable as the State does not assess property taxes.

Principal Taxpayers

The disclosure of principal taxpayers is not permitted by state statute.

General Governmental Expenditures (GAAP Basis) By Function
Last Ten Fiscal Years
(Expressed In Thousands)

Expenditures By Function	1993	1994	1995	1996
General Government	$ 60,825	$ 57,292	$ 74,254	$ 76,034
Education	319,304	319,807	329,249	340,073
Health And Human Services	487,209	487,095	528,052	558,607
Regulatory	14,599	13,198	14,800	17,713
Public Safety	36,606	45,062	47,240	54,443
Agriculture And Economic Development	19,006	17,313	19,657	19,319
Natural Resources	38,210	35,053	38,249	42,402
Highways	176,732	198,392	226,626	212,335
Intergovernmental - Revenue Sharing (2)	-	-	-	-
Capital Outlay	2,747	624	3,357	5,427
Debt Service:				
Principal	3,160	5,185	2,988	3,878
Interest And Other Charges	4,621	3,660	4,254	4,936
Advance Refunding Escrow	1,052	-	-	-
Total Expenditures By Function	$ 1,164,071	$ 1,182,681	$ 1,288,726	$ 1,335,167

General Governmental Revenues (GAAP Basis) By Source
Last Ten Fiscal Years
(Expressed In Thousands)

Revenues By Source	1993	1994	1995	1996
Taxes	$ 614,461	$ 654,865	$ 680,620	$ 722,954
Licenses And Permits	33,144	31,786	34,820	39,120
Intergovernmental	542,879	566,392	623,520	669,853
Sales And Service	32,680	26,248	34,888	30,403
Royalties And Rents	10,001	6,385	7,111	7,361
Fines And Forfeits	1,775	1,845	1,901	4,583
Interest	10,321	9,455	13,576	14,459
Tobacco Settlement	-	-	-	-
Commodity Assessment (3)	-	-	-	-
Miscellaneous	5,698	4,635	4,747	4,520
Total Revenues By Source	$ 1,250,959	$ 1,301,611	$ 1,401,183	$ 1,493,253

NOTES:
(1) General Government Includes General, Special Revenue, Capital Projects, And Debt Service Fund.
(2) Prior to 2001, the revenue sharing was recorded in agency funds and not presented on the finanical statements. In 2001, these expenditures were included within General Government expenditures.
(3) Prior to 2002, these amounts were included within Licenses and Permits revenue.

Source: General Purpose/Basic Financial Statements

1997	1998	1999	2000	2001	2002
$ 77,968	$ 78,414	$ 92,534	$ 80,236	$ 230,999	$ 70,248
347,109	364,389	373,740	398,518	403,644	413,417
586,421	598,833	618,241	635,288	696,715	728,511
20,544	14,493	14,326	14,595	18,340	14,662
97,498	149,811	146,050	142,102	120,378	135,591
20,544	21,070	22,830	23,433	25,733	51,263
34,905	31,561	35,030	33,638	37,452	46,959
236,743	280,647	264,980	313,115	279,076	324,821
-	-	-	-	-	142,778
5,855	13,128	5,351	13,264	11,462	9,148
4,446	5,180	5,119	4,731	4,700	6,374
5,294	5,345	5,479	5,420	7,048	7,327
-	-	-	-	-	-
$ 1,437,327	$ 1,562,871	$ 1,583,680	$ 1,664,340	$ 1,835,547	$ 1,951,099

1997	1998	1999	2000	2001	2002
$ 745,896	$ 802,456	$ 781,235	$ 838,306	$ 995,216	$ 952,538
38,244	44,008	44,995	52,373	67,454	90,298
705,174	827,772	808,529	914,839	879,058	918,932
36,090	36,420	32,684	34,564	36,933	39,297
7,874	7,787	4,742	6,624	9,083	17,918
4,951	6,610	10,034	6,909	3,017	10,892
16,379	15,879	15,528	17,907	23,630	4,289
-	-	-	16,475	12,620	26,781
-	-	-	-	-	9,444
4,973	5,877	2,703	5,565	2,597	3,091
$ 1,559,581	$ 1,746,809	$ 1,700,450	$ 1,893,562	$ 2,029,608	$ 2,073,480

General Governmental Revenues (Budgetary Basis) By Source
Last Nine Fiscal Years (In Bienniums)

Revenues By Source	1993-1995	1995-1997	1997-1999	1999-2001	2002
Sales And Use Tax	$ 551,585,835	$ 605,471,019	$ 664,364,916	$ 722,181,696	$ 369,344,008
Individual Income Tax	279,780,472	315,516,252	358,287,825	409,331,437	196,757,091
Corporate Income Tax	94,755,138	99,347,937	123,420,219	99,134,868	41,374,297
Business Privilege Tax	5,488,535	3,854,132	6,494,162	5,464,941	2,565,548
Oil And Gas Production Tax	23,560,500	33,042,320	26,973,613	47,783,630	20,530,727
Oil Extraction Tax	29,328,185	21,987,655	16,703,114	27,395,668	10,466,737
Insurance Premium Tax	32,120,236	36,968,670	35,733,266	39,113,433	23,347,204
Cigarette, Cigar And Tobacco Tax	44,864,988	45,030,090	44,091,170	41,706,350	20,167,582
Wholesale Liquor Tax	10,370,481	10,339,078	11,140,328	10,321,999	5,493,782
Department Fees And Collections	22,083,103	28,737,207	41,193,364	40,816,171	28,311,891
Gaming Tax	22,371,750	22,848,486	22,801,868	27,437,507	13,737,222
Coal Severance Tax	23,828,544	22,245,267	22,596,137	22,173,854	-
Interest On Public Funds	13,603,488	15,554,914	19,013,889	20,832,123	5,529,692
Coal Conversion Tax	22,960,212	24,064,781	23,786,790	25,672,170	23,328,502
Mineral Leasing Tax	5,445,476	5,629,526	7,257,989	9,531,698	2,979,585
Bank Of North Dakota Profits - Transfer	14,100,000	50,214,540	29,600,000	50,000,000	30,000,000
Mill And Elevator Profits - Transfer	-	1,000,000	3,000,000	3,000,000	-
Gas Tax Administration - Transfer	1,025,000	1,071,878	1,128,872	1,380,608	681,696
Budget Stabilization Fund - Transfer	-	-	-	-	-
Other Transfers	50,067,240	38,445,224	36,713,873	6,522,115	85,309
Total Revenues By Source	$ 1,247,339,183	$ 1,381,368,976	$ 1,494,301,395	$ 1,609,800,268	$ 794,700,873

Notes: General Government Includes Principally Appropriated "General Fund".

Source: Office Of Management And Budget

Computation Of Legal Debt Limit

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

Ratio Of Net General Obligation Bonded Debt To Net General Obligation Bonded Debt Per Capita (1) Last Ten Fiscal Years

Fiscal Year	Population (2)	Gross Bonded Debt (3)	Less Payable From Enterprise Revenues	Net Bonded Debt	Net Bonded Debt Per Capita
1993	637,229	$ 43,636,833	$ 20,329,658	$ 23,307,175	$ 36.58
1994	639,762	39,229,787	15,427,389	23,802,398	37.21
1995	641,548	39,045,747	15,888,554	23,157,193	36.10
1996	642,858	38,834,919	38,834,919	-	-
1997	640,945	33,083,824	33,083,824	-	-
1998	637,808	31,441,073	31,441,073	-	-
1999	633,666	-	-	-	-
2000	642,200	-	-	-	-
2001	634,448	-	-	-	-
2002	634,448	-	-	-	-

Note:
1) Assessed Value; Debt Payable From Enterprise Revenues; And Ratio of Net Bonded Debt Per Capita Are Not Applicable Because They Relate To Property Taxes, Which The State Does Not Assess.
2) Estimated Population for 2002.
3) The State Has Had No General Obligation Bonded Debt Since Fiscal Year 1998.

Source: Real Estate Trust
North Dakota Census Data Center

Revenue Bond Coverage
Last Ten Fiscal Years

MUNICIPAL BOND BANK (1)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1992	$ 3,942,678	$ 4,770,750	$ 318,342	$ 8,395,086	$ 3,660,000	$ 3,589,730	$ 7,249,730	1.16
1993	5,142,000	4,301,000	605,000	8,838,000	4,435,000	4,373,000	8,808,000	1.00
1994	5,809,000	6,586,000	444,000	11,951,000	6,076,000	5,048,000	11,124,000	1.07
1995	6,312,000	5,654,000	808,000	11,158,000	5,398,000	5,363,000	10,761,000	1.04
1996	6,784,000	9,020,000	966,000	14,838,000	6,675,000	5,390,000	12,065,000	1.23
1997	8,872,000	10,108,000	1,124,000	17,856,000	8,987,000	7,198,000	16,185,000	1.10
1998	9,278,000	7,217,000	963,000	15,532,000	12,694,000	7,297,000	19,991,000	0.78
1999	10,991,000	8,763,000	1,510,000	18,244,000	18,446,000	8,146,000	26,592,000	0.69
2000	12,286,000	9,574,000	2,114,000	19,746,000	9,495,000	8,297,000	17,792,000	1.11
2001	5,713,000	12,739,000	787,000	17,665,000	24,205,000	9,484,000	33,689,000	0.52

STUDENT LOAN TRUST

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1993	$ 23,700,602	$ 24,947,328	$ 1,935,043	$ 46,712,887	$ 70,173,700	$ 18,413,523	$ 88,587,223	0.53
1994	21,606,884	24,666,274	5,730,752	40,542,406	26,699,999	15,359,478	42,059,477	0.96
1995	20,760,838	19,957,007	4,806,235	35,911,610	25,942,600	13,794,767	39,737,367	0.90
1996	18,779,343	18,777,976	3,921,272	33,636,047	33,249,575	12,215,511	45,465,086	0.74
1997	18,312,200	20,190,543	5,069,338	33,433,405	39,583,541	10,844,752	50,428,293	0.66
1998	17,923,460	19,922,911	4,097,138	33,749,233	68,048,100	8,989,815	77,037,915	0.44
1999	16,380,006	24,048,907	4,636,162	35,792,751	57,909,900	7,433,534	65,343,434	0.55
2000	15,835,171	20,532,117	6,374,651	29,992,637	1,496,326	4,933,589	6,429,915	4.66
2001	17,732,535	20,285,499	5,936,696	32,081,338	1,749,449	7,594,712	9,344,161	3.43
2002	12,646,000	19,096,000	3,808,000	27,934,000	27,082,000	5,430,000	32,512,000	0.86

HOUSING FINANCE AGENCY

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1993	$ 57,574,000	$ 60,710,000	$ 23,107,000	$ 95,177,000	$ 119,605,000	$ 33,288,000	$ 152,893,000	0.62
1994	43,830,000	92,977,000	17,108,000	119,699,000	123,462,000	25,277,000	148,739,000	0.80
1995	36,433,000	38,240,000	13,206,000	61,467,000	68,565,000	22,440,000	91,005,000	0.68
1996	41,877,000	25,540,000	13,396,000	54,021,000	78,754,000	25,269,000	104,023,000	0.52
1997	46,084,000	27,371,000	14,182,000	59,273,000	113,421,000	27,565,000	140,986,000	0.42
1998	53,699,000	43,806,000	16,232,000	81,273,000	122,684,000	31,520,000	154,204,000	0.53
1999	56,512,000	51,218,000	13,577,000	94,153,000	149,683,000	38,980,000	188,663,000	0.50
2000	60,068,000	48,430,000	14,636,000	93,862,000	176,339,000	38,963,000	215,302,000	0.44
2001	69,613,000	50,506,000	17,526,000	102,593,000	173,550,000	43,121,000	216,671,000	0.47
2002	66,734,000	75,721,000	13,000,000	129,455,000	207,465,000	46,450,000	253,915,000	0.51

STATE FAIR ASSOCIATION (2)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements Principal (4)	Interest	Total	Coverage
1992	$ 2,969,265	$ -	$ 2,225,906	$ 743,359	$ 185,000	$ 240,500	$ 425,500	1.75
1993	3,283,594	-	2,263,074	1,020,520	185,000	228,475	413,475	2.47
1994	3,464,160	-	2,299,643	1,164,517	185,000	300,187	485,187	2.40
1995	3,540,311	-	2,611,521	928,790	195,000	181,598	376,598	2.47
1996	3,171,361	-	2,729,123	442,238	195,000	174,772	369,772	1.20
1997	3,408,989	-	2,758,476	650,513	195,000	167,460	362,460	1.79
1998	3,749,664	-	2,752,836	996,828	195,000	159,660	354,660	2.81
1999	3,609,161	-	2,908,303	700,858	195,000	151,372	346,372	2.02
2000	3,475,814	-	3,020,232	455,582	195,000	142,598	337,598	1.35
2001	3,221,683	-	3,030,092	191,591	-	127,796	127,796	1.50

UNIVERSITY SYSTEM (5)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
2002	$ 398,935,980	$ 54,829,544	$ 552,709,442	$ (98,943,918)	$ 15,509,175	$ 3,249,608	$ 18,758,783	(5.27)

(1) Information Presented For The Fiscal Year Ended December 31.
(2) Information Presented For The Fiscal Year Ended September 30.
(3) Excludes Depreciation And Bond Interest Expense.
(4) Debt Service Requirements Excludes Principal Payments On Refunded Bonds.
(5) Information Presented For The Current Fiscal Year Only As This is the First Year Presented As An Enterprise Fund

Population And Employment
Last Ten Calendar Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Population (1)	635,427	637,229	639,762	641,548	642,858	640,945	637,808	633,666	642,200	634,448
Employed	298,440	306,230	323,510	324,610	333,620	338,690	335,212	325,366	328,716	329,218
Unemployed	15,900	13,990	13,060	10,980	10,560	8,850	11,053	11,456	10,106	9,550
Total Labor Force	314,340	320,220	336,570	335,590	344,180	347,540	346,265	336,822	338,822	338,768
N.D. Unemployment Rate	5.1%	4.4%	3.9%	3.3%	3.1%	2.5%	3.2%	3.4%	3.0%	2.8%
U.S. Unemployment Rate	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%

Source: Job Service North Dakota
North Dakota State Data Center

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Per Capita Income	(3) School Enrollment	Unemployment Rate
1993	637,229	$ 17,719	118,500	4.4%
1994	639,762	18,885	118,649	3.9%
1995	641,548	18,899	118,606	3.3%
1996	642,858	20,921	117,816	3.1%
1997	640,945	20,520	116,103	2.5%
1998	637,808	22,716	113,929	3.2%
1999	633,666	22,969	111,705	3.4%
2000	642,200	24,708	108,094	3.0%
2001	634,448	25,538	105,214	2.8%
2002	N/A	N/A	103,013	N/A

Source: Job Service North Dakota
North Dakota Department Of Public Instruction
North Dakota State Data Center

N/A: Not Available

(1) Population Estimates Are From The North Dakota Census Data Center.
(2) Preliminary figure for 2001 per capital income.
(3) Kindergarten Through 12th Grade.

Taxable Sales And Purchases And Total Federal Tax Liability Last Ten Calendar Years

Calendar Year	Total Taxable Sales And Purchases	Individual Income Total Federal Tax Liability
1992	$ 4,858,827,346	$ 961,973,000
1993	5,204,771,244	1,029,510,000
1994	5,570,199,514	1,242,598,318
1995	5,798,621,358	1,362,289,677
1996	6,093,815,356	1,621,769,127
1997	6,403,545,513	1,709,146,792
1998	6,476,111,865	1,936,103,525
1999	6,863,857,581	2,202,315,184
2000	6,826,387,672	2,354,866,767
2001	7,147,128,090	N/A

Source: Office Of State Tax Commissioner

N/A: Not Available

Public School Enrollment And Average Cost Per Pupil
Last Ten Academic Years

Academic Year	Kindergarten	Grades 1-3	Grades 4-6	Grades 7-8	Grades 9-12	Total Enrollment	Special Education Students Served
1993-94	8,747	27,181	28,519	19,058	34,995	118,500	12,180
1994-95	8,677	26,493	28,054	19,556	35,869	118,649	12,122
1995-96	8,600	26,097	27,492	19,636	36,781	118,606	12,355
1996-97	8,304	25,766	26,814	19,255	37,677	117,816	12,667
1997-98	8,177	25,204	26,037	18,740	37,945	116,103	12,858
1998-99	7,917	24,546	25,411	18,318	37,737	113,929	13,138
1999-00	7,559	23,930	24,989	17,652	37,575	111,705	13,572
2000-01	7,144	22,999	24,289	17,099	36,563	108,094	13,650
2001-02	7,057	22,108	23,652	16,880	35,517	105,214	13,630
2002-03	7,012	21,473	23,241	16,514	34,773	103,013	N/A

Academic Year	Average Daily Membership	Total Cost Of Education	Average cost Per Pupil
1992-93	119,954	$ 443,976,307	$ 3,701
1993-94	120,411	454,146,657	3,772
1994-95	120,440	463,428,366	3,848
1995-96	120,538	484,073,788	4,016
1996-97	119,895	506,338,348	4,223
1997-98	117,996	526,786,165	4,464
1998-99	115,987	550,557,935	4,747
1999-00	113,541	583,207,969	5,137
2000-01	110,710	608,196,419	5,494
2001-02	N/A	N/A	N/A

N/A: Not Available

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment
Last Ten Academic Years

	1993 FTE	1994 FTE	1995 FTE	1996 FTE	1997 FTE	1998 FTE	1999 FTE	2000 FTE	2001 FTE	2002 FTE
Bismarck State College	1,965	1,842	1,795	1,932	2,001	2,082	2,181	2,126	2,320	2,384
Dickinson State University	1,383	1,342	1,373	1,459	1,470	1,484	1,535	1,592	1,637	1,818
Lake Region State College	442	455	479	437	439	492	474	491	624	652
Mayville State University	676	708	739	723	635	643	651	644	620	616
Minot State University	3,417	3,216	3,134	2,964	2,727	2,597	2,588	2,491	2,739	2,789
MiSU - Bottineau	359	338	337	369	389	410	467	394	389	447
ND State College Of Science	2,014	2,170	2,259	2,340	2,271	2,219	2,139	2,276	2,106	2,112
North Dakota State University	7,917	8,092	8,196	8,190	8,079	8,142	8,253	8,469	9,056	9,368
University of North Dakota	9,742	9,463	9,390	9,221	8,725	8,684	8,911	9,302	9,906	10,458
Valley City State University	902	853	929	932	879	903	896	910	841	864
Williston State College	738	702	714	702	663	592	615	550	579	611
Total	29,555	29,181	29,345	29,269	28,278	28,248	28,710	29,245	30,817	32,119

Note: Full-Time Equivalent Enrollment Is Based Upon Student Credit Hours.

Source: North Dakota University System

Taxable Sales And Purchases By Industry
Last Ten Fiscal Years

Fiscal Years	Mining And Oil Extraction	Construction	Manufacturing	Transportation, Communications And Public Utilities	Wholesale	Retail	Services	Misc.	Fiscal Year Total
1993	$ 52,399,210	$ 121,748,728	$ 244,270,428	$ 366,722,616	$ 1,010,630,934	$ 2,708,164,365	$ 488,238,511	$ 25,469,523	$ 5,017,644,315
1994	48,233,026	132,235,848	243,159,443	397,125,367	1,126,606,906	2,873,185,491	504,776,201	28,574,196	5,353,896,478
1995	44,211,472	159,511,640	259,929,870	406,377,996	1,167,948,890	3,020,031,055	542,770,796	31,281,299	5,632,063,018
1996	44,787,355	160,435,468	277,474,861	448,984,237	1,265,500,733	3,119,107,791	580,017,504	47,816,164	5,944,124,113
1997	43,657,614	172,651,400	283,830,227	468,807,352	1,335,642,900	3,217,013,893	611,608,449	36,889,331	6,170,101,166
1998	45,704,201	190,953,879	311,172,120	530,697,438	1,348,847,569	3,410,886,443	655,596,265	42,366,524	6,536,224,439
1999	31,757,153	343,461,168	344,021,173	498,876,964	1,286,510,874	3,407,541,628	659,377,754	53,571,680	6,625,118,394
2000	37,128,911	324,055,893	331,107,834	520,249,975	1,371,047,248	3,587,999,334	683,652,769	46,123,347	6,901,365,311
2001	46,376,629	175,502,906	310,401,607	659,367,459	1,454,435,989	3,557,719,719	685,894,218	46,209,173	6,935,907,700
2002	46,408,362	183,876,188	310,053,868	599,641,011	1,474,694,907	3,768,438,609	708,635,488	60,128,993	7,151,877,426
Fiscal Years - Percentage Change									
1993	14.7%	2.1%	9.4%	6.1%	14.2%	4.0%	5.1%	12.0%	6.6%
1994	-7.9%	8.6%	-0.4%	8.3%	11.5%	6.1%	3.4%	12.2%	6.7%
1995	-8.3%	20.6%	6.9%	2.3%	3.7%	5.1%	7.5%	9.5%	5.2%
1996	1.3%	0.6%	6.7%	10.5%	8.4%	3.3%	6.9%	52.9%	5.5%
1997	-2.5%	7.6%	2.3%	4.4%	5.5%	3.1%	5.4%	-22.9%	3.8%
1998	4.7%	10.6%	9.6%	13.2%	1.0%	6.0%	7.2%	14.8%	5.9%
1999	-30.5%	79.9%	10.6%	-6.0%	-4.6%	-0.1%	0.6%	26.4%	1.4%
2000	16.9%	-5.6%	-3.8%	4.3%	6.6%	5.3%	3.7%	-13.9%	4.2%
2001	24.9%	-45.8%	-6.3%	26.7%	6.1%	-0.8%	0.3%	0.2%	0.5%
2002	0.1%	4.8%	-0.1%	-9.1%	1.4%	5.9%	3.3%	30.1%	3.1%

Source: Office Of State Tax Commissioner

Nonagricultural Wage And Salary Employees By Industry
Last Ten Calendar Years

Industry	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Manufacturing	18,350	19,500	21,500	21,300	21,550	23,400	24,100	24,200	25,150	25,450
Construction	11,000	11,800	12,800	13,500	14,850	14,950	15,600	16,650	15,700	15,200
Mining	3,900	3,850	3,700	3,850	4,100	4,200	3,900	3,500	3,600	3,750
Wholesale Trade	19,200	19,300	20,000	20,800	21,200	21,550	21,700	21,850	21,300	20,950
Retail Trade	53,600	55,350	56,700	58,300	59,050	59,000	59,550	59,550	60,400	60,700
Services	73,750	76,550	80,650	80,950	84,450	87,450	89,850	91,400	92,850	94,200
Finance, Insurance & Real Estate	13,050	13,450	13,950	13,750	14,300	14,750	15,800	16,400	16,700	17,100
Transportation, Communication & Utilities	17,550	17,950	18,550	18,450	18,350	18,050	17,950	18,500	18,900	19,100
Government	66,800	67,100	67,300	71,300	70,800	70,750	71,100	71,800	73,050	73,600
Total	277,200	284,850	295,150	302,200	308,650	314,100	319,550	323,850	327,650	330,050

Source: Job Service North Dakota

Note: Does Not Include Self-Employed Or Unpaid Workers.

Annual Average Salary Covered By Unemployment Insurance
By Industry
Last Ten Calendar Years

Sector	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Manufacturing	$ 22,975	$ 23,541	$ 24,447	$ 25,504	$ 26,601	$ 27,396	$ 28,992	$ 29,711	$ 30,570	$ 31,494
Construction	22,079	22,874	23,274	24,833	26,579	27,282	28,808	31,446	31,214	31,849
Mining	34,541	36,104	35,914	37,016	37,126	38,924	40,770	42,981	44,305	48,296
Wholesale Trade	23,968	24,847	25,817	26,196	27,343	28,343	29,872	30,591	31,994	32,885
Retail Trade	10,501	10,791	11,219	11,453	11,857	12,427	12,849	13,298	13,867	14,491
Services	17,492	17,735	17,980	18,648	19,352	20,084	20,782	21,702	22,817	23,994
Finance, Insurance & Real Estate	22,828	23,521	24,066	25,008	25,769	26,889	28,132	28,740	30,364	31,729
Transp., Communication & Utilities	27,089	27,564	28,427	29,182	29,954	31,228	33,115	32,995	34,465	35,547
Government	21,133	21,716	22,248	22,779	23,396	24,147	24,965	25,404	26,361	27,283
All Industries	$ 18,944	$ 19,382	$ 19,893	$ 20,493	$ 21,236	$ 22,045	$ 23,049	$ 23,750	$ 24,683	$ 25,707

Source: Job Service North Dakota, North Dakota Employment And Wages

Annual Crude Oil Production In North Dakota And Oil Price Per Barrel Last Ten Calendar Years

Calendar Year	Crude Oil Barrels	Average Price Per Barrel
1992	32,900,171	$ 19
1993	30,918,673	16
1994	27,690,412	15
1995	29,335,924	16
1996	32,311,349	19
1997	35,837,784	17
1998	35,517,552	10
1999	32,882,182	15
2000	32,714,522	26
2001	31,691,652	21

Source: North Dakota Industrial Commission, Oil And Gas Division

Taxable Coal Production And Natural Gas Produced Last Ten Fiscal Years

Fiscal Years	Coal Production (Coal Tons)	Gas Produced (Cubic Feet)
1993	31,696,000	62,399,107,000
1994	31,886,860	63,524,867,000
1995	31,587,000	58,696,404,000
1996	29,512,000	55,532,370,000
1997	29,602,000	55,650,616,000
1998	29,552,000	57,197,152,000
1999	30,927,000	51,791,380,000
2000	28,752,000	56,326,543,000
2001	30,497,000	56,612,387,000
2002	28,371,000	58,969,302,000

Source: Office Of State Tax Commissioner
North Dakota Industrial Commission, Oil And Gas Division

Value Of Export Shares Of Agricultural Commodities - 2000-2001 (1)

	2000 Dollars (Mil.)	2000 % of U.S.	2001 Dollars (Mil.)	2001 % of U.S.
Wheat And Products	$ 500.3	13.8	$ 619.9	18.0
Soybeans And Products	117.5	1.8	146.4	2.1
Feeds Grains And Products	76.0	1.2	114.4	1.8
Vegetables And Preparations	99.4	2.2	111.4	2.5
Sunflower Seed And Oil	104.9	43.0	102.1	49.1
Feeds And Fodder	54.1	2.3	73.2	2.3
Seeds	29.7	3.8	26.0	3.6
Live Animals And Meats Excluding Poultry	5.0	--	7.0	.1
Poultry And Products	-	--	1.9	.1
Hides And Skins	5.5	.4	0.5	--
Other	0.2	--	0.2	--
Fats, Oils And Greases	0.1	--	0.1	--
Dairy Products	3.0	.3	0.0	--
Total	$ 995.6	2.0	$ 1,203.1	2.3

Sources: Foreign Agricultural Trade Of U.S. - E.R.S.

(1) State Agricultural Exports estimates were based on North Dakota's production or sales of individual commodities reported by the National Agricultural Statistics Service (NASS). It is assumed that each state received export revenues in the same proportion as its production.

2001 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Flaxseed	95%
	Canola	90%
	Durum Wheat	65%
	Navy Beans	57%
	Pinto Beans	47%
	Spring Wheat	46%
	Dry Edible Peas	46%
	Non-oil Sunflowers	44%
	All Sunflowers	44%
	Oil Sunflowers	44%
	Barley	32%
	All Dry Edible Beans	32%
	Oats	13%
2nd	All Wheat	15%
	Honey	14%
3rd	Lentils	21%
	Sugarbeets	17%

Source: North Dakota Agricultural Statistics 2001

Cash Receipts From Farm Marketings And Government Payments - 1998-2001

Item	1998	1999	2000	2001	2001 Pct. Of Total (1)
	Thousand Dollars				
Crops (1)	$ 2,349,283	$ 2,090,642	$ 2,049,942	$ 2,258,615	57.6%
Food Grains (1)	933,104	739,835	741,540	840,152	21.4
Wheat	928,502	735,612	739,836	839,582	21.4
Rye	4,602	4,223	1,704	569	-----
Feed Crops (1)	350,770	314,155	332,081	371,368	9.5
Corn	124,501	123,432	142,803	163,119	4.2
Barley	148,453	128,575	123,127	140,530	3.6
Hay	68,449	55,486	59,442	60,474	1.5
Oats	9,367	6,661	6,709	7,245	0.2
Oil Crops	564,204	544,139	542,578	621,746	15.8
Soybeans	224,139	206,812	254,840	283,873	7.2
Sunflower	213,366	210,034	144,095	137,830	3.5
Canola	93,810	91,711	106,608	151,781	3.9
Flaxseed	23,156	26,904	31,120	43,720	1.1
Miscellaneous	9,733	8,678	5,915	4,542	0.1
Veg., Fruits, Nuts	288,965	280,596	223,200	244,478	6.2
Potatoes	126,656	129,766	112,190	127,888	3.3
Dry Beans	147,569	140,078	96,938	100,952	2.6
Miscellaneous	14,740	10,752	14,072	15,638	0.4
Other Crops	212,240	211,917	210,543	180,871	4.6
Sugarbeets	190,664	195,244	194,826	162,162	4.1
Miscellaneous	21,744	16,673	15,717	18,709	0.5
Livestock	554,603	633,249	639,401	719,933	18.4%
Meat Animals	394,735	490,039	502,945	578,345	14.7
Cattle And Calves	352,887	447,241	447,526	524,924	13.4
Hogs	35,558	35,968	47,891	47,917	1.2
Sheep And Lambs	6,290	6,830	7,528	5,504	0.1
Dairy Products	98,670	89,232	77,970	89,744	2.3
Poultry And Eggs	17,294	17,811	19,636	17,189	0.4
Turkeys	14,553	15,435	17,568	14,728	0.4
Eggs	2,265	1,955	1,617	2,020	-----
Other Poultry	476	421	451	441	-----
Miscellaneous Livestock	43,904	36,167	38,850	34,655	0.9
Honey	18,547	15,797	18,676	17,472	0.4
Other Livestock	25,357	20,370	20,174	17,183	0.4
TOTAL CROPS & LIVESTOCK	2,903,886	2,723,891	2,689,343	2,978,548	75.9%
GOVERNMENT PAYMENTS	608,766	975,583	1,170,234	944,591	24.1%
GRAND TOTAL	$ 3,512,652	$ 3,699,474	$ 3,859,577	$ 3,923,139	100.0%

Source: North Dakota Agricultural Statistics 2001 and www.ers.usda.gov

(1) Items May Not Add Due to Rounding

Claims Development Information
Last Ten Fiscal Years

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workers Compensation
Bureau

	Fiscal And Policy Year Ended									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1 Net Earned Required Contribution And Investment Revenues	$ 118,868	$ 108,281	$ 162,772	$ 173,417	$ 209,594	$ 223,056	$ 178,654	$ 210,363	$ 117,222	$ 85,510
2 Unallocated Expenses	8,324	9,024	12,060	11,960	18,498	22,795	21,189	24,664	27,888	22,987
3 Estimated Incurred Claims And Expense, End Of Policy Year	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505	82,905	84,460
4 Paid (Cumulative) As Of:										
End Of Policy Year	11,777	14,092	14,406	13,275	12,953	15,332	14,317	16,157	17,253	17,131
One Year Later	27,987	28,390	26,810	25,832	25,463	28,133	27,335	29,534	29,024	
Two Years Later	36,222	36,420	33,256	30,473	30,213	32,676	32,644	35,470		
Three Years Later	41,511	41,497	37,487	33,575	33,688	35,903	36,424			
Four Years Later	43,561	45,495	40,787	36,584	37,064	37,994				
Five Years Later	46,493	48,628	43,207	38,884	39,512					
Six Years Later	48,913	50,814	45,548	40,669						
Seven Years Later	52,410	52,989	47,706							
Eight Years Later	54,301	55,035								
Nine Years Later	55,989									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505	82,905	84,460
One Year Later	120,850	98,417	96,838	89,357	86,080	89,100	83,830	80,075	80,815	
Two Years Later	94,420	90,663	91,740	85,720	85,940	81,641	82,404	81,345		
Three Years Later	87,884	85,948	88,905	85,350	78,143	79,747	77,070			
Four Years Later	82,730	88,270	87,775	76,888	76,523	70,397				
Five Years Later	85,630	90,280	83,384	76,903	71,733					
Six Years Later	86,880	91,846	79,787	68,248						
Seven Years Later	87,860	90,332	80,465							
Eight Years Later	86,396	90,839								
Nine Years Later	86,902									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	(37,298)	(23,461)	(25,616)	(25,912)	(12,818)	(18,623)	(15,060)	840	(2,090)	0

Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Bonding Fund

	Fiscal And Policy Year Ended									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1 Net Earned Required Contribution And Investment Revenues	$ 428	$ 128	$ 161	$ 305	$ 370	$ 633	$ 479	$ 637	$ 116	$ (50)
2 Unallocated Expenses	13	34	59	68	63	205	79	84	93	45
3 Estimated Incurred Claims And Expense, End Of Policy Year	31	208	249	325	91	128	229	60	71	26
4 Paid (Cumulative) As Of:										
End Of Policy Year	31	208	249	11	91	18	(29)	(22)	(32)	(100)
One Year Later	31	208	249	11	91	18	(29)	(22)	(32)	
Two Years Later	31	208	249	11	91	18	(29)	(22)		
Three Years Later	31	208	249	11	91	18	(29)			
Four Years Later	31	208	249	11	91	18				
Five Years Later	31	208	249	11	91					
Six Years Later	31	208	249	11						
Seven Years Later	31	208	249							
Eight Years Later	31	208								
Nine Years Later	31									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	31	208	309	11	91	128	229	60	71	26
One Year Later	31	208	309	11	91	128	229	60	71	
Two Years Later	31	208	309	11	91	128	229	60		
Three Years Later	31	208	309	11	91	128	229			
Four Years Later	31	208	309	11	91	128				
Five Years Later	31	208	309	11	91					
Six Years Later	31	208	309	11						
Seven Years Later	31	208	309							
Eight Years Later	31	208								
Nine Years Later	31									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	0	0	0	0	0	0	0	0	0	0

Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire And Tornado Fund

	Fiscal And Policy Year Ended									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1 Net Earned Required Contribution And Investment Revenues	$ 3,494	$ 3,552	$ 3,349	$ 3,545	$ 3,946	$ 5,870	$ 4,787	$ 5,482	$ 4,540	$ 2,437
2 Unallocated Expenses	553	539	596	422	345	1,282	1,031	1,026	812	991
3 Estimated Incurred Claims And Expense, End Of Policy Year	255	1,125	2,116	1,598	7,612	5,521	3,578	2,104	6,828	5,481
4 Paid (Cumulative) As Of:										
End Of Policy Year	213	733	448	(5)	3,143	345	(2,554)	303	269	(1,589)
One Year Later	213	733	448	(5)	3,143	345	(2,554)	303	269	
Two Years Later	213	733	448	(5)	3,143	345	(2,554)	303		
Three Years Later	213	733	448	(5)	3,143	345	(2,554)			
Four Years Later	213	733	448	(5)	3,143	345				
Five Years Later	213	733	448	(5)	3,143					
Six Years Later	213	733	448	(5)						
Seven Years Later	213	733	448							
Eight Years Later	213	733								
Nine Years Later	213									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	255	1,125	2,116	1,589	7,612	5,521	3,578	2,104	6,828	5,481
One Year Later	255	1,125	2,116	1,589	7,612	5,521	3,578	2,104	6,828	
Two Years Later	255	1,125	2,116	1,589	7,612	5,521	3,578	2,104		
Three Years Later	255	1,125	2,116	1,589	7,612	5,521	3,578			
Four Years Later	255	1,125	2,116	1,589	7,612	5,521				
Five Years Later	255	1,125	2,116	1,589	7,612					
Six Years Later	255	1,125	2,116	1,589						
Seven Years Later	225	1,125	2,116							
Eight Years Later	255	1,125								
Nine Years Later	255									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	0	0	0	0	0	0	0	0	0	0

Reconciliation Of Claims Liabilities
By Type Of Contract
Last Two Fiscal Years
(Expressed In Thousands)

The Schedule Below Presents The Changes In Claims Liabilities For The Past Two Years By Type Of Contract (Expressed In Thousands)

	Fire And Tornado		Bonding		Workers Compensation	
	2002	2001	2002	2001	2002	2001
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	$ 6,559	$ 1,801	$ 103	$ 82	$ 515,000	$ 499,700
Incurred Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	5,480	6,828	26	71	87,710	82,905
Change In Provision For Prior Fiscal Year	-	-	-	-	(36,072)	34,110
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	1,589	(269)	100	32	(17,131)	(17,253)
Prior Fiscal Years Insured Events	(6,559)	(1,801)	(103)	(82)	(58,307)	(59,262)
Total Payments	(4,970)	(2,070)	(3)	(50)	(75,438)	(76,515)
Change In Provision For Discount	-	-	-	-	9,600	(25,200)
Other	-	-	-	-	-	-
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	$ 7,069	$ 6,559	$ 126	$ 103	$ 500,800	$ 515,000

Source: Individual Financial Statements